

LONG BEACH DAY NURSERY

FINANCIAL STATEMENTS  
JUNE 30, 2021

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the  
Long Beach Day Nursery

### Report on the Financial Statements

We have audited the accompanying financial statements of Long Beach Day Nursery (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### Management's Responsibility 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 fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

## INDEPENDENT AUDITORS' REPORT (Continued)

### Auditors' Responsibility (Continued)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Long Beach Day Nursery as of June 30, 2021, the statement of activities 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.

### Other Matters

#### Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information on pages 20 through 48, as required by the CDE Audit Guide, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.



Guzman & Gray, CPAs  
Long Beach, CA  
November 11, 2021

LONG BEACH DAY NURSERY  
STATEMENT OF FINANCIAL POSITION

JUNE 30, 2021

ASSETS

CURRENT ASSETS	
Cash	\$ 1,350,947
Accounts receivable, net	149,210
Prepaid expenses	<u>37,558</u>
Total Current Assets	<u>1,537,715</u>
INVESTMENTS	
Investments without donor restrictions	1,970,314
Opel Boone unitrust	349,822
Endowments	<u>1,126,032</u>
Total Investments	<u>3,446,168</u>
PROPERTY AND EQUIPMENT, NET	<u>1,920,069</u>
INTANGIBLE MINERAL LEASE RIGHTS	<u>8,980</u>
OTHER ASSETS	
Funds for deferred compensation plan	<u>153,772</u>
TOTAL ASSETS	<u>\$ 7,066,704</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Accounts payable	\$ 18,932
Accrued expenses	220,121
Payable to the State of California - Department of Education	20,245
Deferred revenue	164,017
Deferred compensation plan liability	<u>153,772</u>
TOTAL LIABILITIES	<u>577,087</u>
NET ASSETS	
Without Donor Restrictions	
Undesignated	2,920,809
Board designated	<u>1,970,314</u>
Total Net Assets Without Donor Restrictions	4,891,123
With Donor Restrictions	<u>1,598,494</u>
Total Net Assets	<u>6,489,617</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 7,066,704</u>

See Independent Auditors' Report and accompanying Notes to Financial Statements

LONG BEACH DAY NURSERY  
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2021

	Without Restrictions	With Restrictions	Total
<b>REVENUE</b>			
Child care food program	\$ 63,776		\$ 63,776
Family fees - certified children	15,555		15,555
Family fees - noncertified children	563,133		563,133
Child care and development programs	1,533,033		1,533,033
Contributions	736,309	\$ 102,718	839,027
Local government contracts	68,500		68,500
Gross special events revenue	\$ 44,127		
Less cost of direct benefits to donors	(3,217)		
Net special event revenue	40,910		40,910
Investment income, net	433,040	273,921	706,961
Paycheck Protection Program (PPP)	247,415		247,415
Interest	386		386
In-kind contribution	83,340		83,340
Supplemental income	166,478		166,478
	<u>3,951,875</u>	<u>376,639</u>	<u>4,328,514</u>
 NET ASSETS RELEASED FROM RESTRICTIONS	<u>48,499</u>	<u>(48,499)</u>	
 TOTAL SUPPORT AND REVENUE	<u>4,000,374</u>	<u>328,140</u>	<u>4,328,514</u>
 <b>EXPENSES</b>			
Program services	2,973,309		2,973,309
Supporting services			
General and administrative	497,814		497,814
Fundraising	112,553		112,553
	<u>3,583,676</u>		<u>3,583,676</u>
 TOTAL EXPENSES	<u>3,583,676</u>		<u>3,583,676</u>
 CHANGES IN NET ASSETS	<u>416,698</u>	<u>328,140</u>	<u>744,838</u>
 BEGINNING NET ASSETS	<u>4,474,425</u>	<u>1,270,354</u>	<u>5,744,779</u>
 ENDING NET ASSETS	<u>\$ 4,891,123</u>	<u>\$ 1,598,494</u>	<u>\$ 6,489,617</u>

See Independent Auditors' Report and accompanying Notes to Financial Statements

LONG BEACH DAY NURSERY  
STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	\$ 744,838
Adjustments to reconcile change in net assets to net cash from operating activities:	
Depreciation	148,449
Realized gain on sale of investments	(84,775)
Unrealized gain on investments	(586,932)
PPP Loan Forgiveness	(248,179)
(Increase) decrease in	
Accounts receivable	252,248
Prepaid expenses	18,456
Beneficiary account	(36,108)
Increase (decrease) in	
Accounts payable	32,629
Accrued expenses	15,461
Deferred revenue	149,504
Reserve	(32,262)
Beneficiary account	36,108
	<hr/>
Net cash provided by operating activities	409,437
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sale of investments	118,417
Reinvestment of investment earnings	(57,179)
Purchase of investments	(15,585)
	<hr/>
Net cash provided by investing activities	45,653
NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	455,090
BEGINNING CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	<hr/> 895,857
ENDING CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	<hr/> <u>\$1,350,947</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION FOR OPERATING ACTIVITIES	
Noncash assistance for scholarships and infant/toddler care support	<hr/> \$ 83,340
SUPPLEMENTAL CASH FLOW DISCLOSURES	
Interest paid	<hr/> NONE
Income taxes paid	<hr/> NONE

See Independent Auditors' Report and accompanying Notes to Financial Statements

LONG BEACH DAY NURSERY  
STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2021

	Program Services			Supporting Services		Total
	East Branch	West Branch	Total Program	General and Administrative	Fundraising	
Salaries	\$ 1,219,264	\$ 702,987	\$ 1,922,251	\$ 302,974	\$ 82,539	\$ 2,307,764
Employee benefits	102,155	76,052	178,207	16,792	3,744	198,743
Payroll taxes	85,403	49,769	135,172	18,794	6,460	160,426
Workers compensation insurance	57,514	32,750	90,264	1,779	605	92,648
Professional services	32,351	18,688	51,039	105,131	8,958	165,128
Instructional supplies	16,827	15,916	32,743	-	-	32,743
Telephone and telecommunications	10,843	9,446	20,289	3,813	992	25,094
Postage	884	526	1,410	1,435	1,102	3,947
Occupancy - utilities	36,763	18,046	54,809	3,610	902	59,321
Occupancy - maintenance and other	79,858	55,288	135,146	5,040	1,245	141,431
Early intervention	21,277	18,462	39,739	-	-	39,739
Food purchases	41,326	26,090	67,416	-	-	67,416
Memberships	409	511	920	2,416	-	3,336
Equipment lease and maintenance	10,729	6,798	17,527	2,391	2,950	22,868
Recruitment	2,577	2,938	5,515	16,739	-	22,254
Workshops and training	7,546	4,374	11,920	2,545	908	15,373
Printing	-	-	-	700	835	1,535
Office supplies	4,265	2,890	7,155	2,552	990	10,697
Community relations	6,203	4,179	10,382	6,467	125	16,974
Business expenses	22,890	19,741	42,631	4,636	198	47,465
Special event expense	-	-	-	-	3,217	3,217
Bad debt	325	-	325	-	-	325
<b>Total expenses before depreciation</b>	<b>1,759,409</b>	<b>1,065,451</b>	<b>2,824,860</b>	<b>497,814</b>	<b>115,770</b>	<b>3,438,444</b>
Depreciation	87,809	60,640	148,449	-	-	148,449
Less: expenses included with revenues on the statement of activities and changes in net assets:						
Cost of direct benefits to donors	-	-	-	-	(3,217)	(3,217)
<b>Total expenses included in the expense section on the statement of activities and changes in net assets</b>	<b>\$ 1,847,218</b>	<b>\$ 1,126,091</b>	<b>\$ 2,973,309</b>	<b>\$ 497,814</b>	<b>\$ 112,553</b>	<b>\$ 3,583,676</b>

See Independent Auditors' Report and accompanying Notes to Financial Statements



LONG BEACH DAY NURSERY  
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of the Organization

Long Beach Day Nursery (LBDN) operates two child care centers to provide quality early care and education to young children of working parents. LBDN is supported through donor contributions, grants, fees, California Department of Education and other governmental agencies.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis in accordance with generally accepted accounting principles.

Basis of Presentation

The accompanying financial statements of LBDN are prepared on the accrual basis of accounting in accordance with accounting principles accepted in the United States of America. Net assets and revenue, gains, and losses are classified based on donor-imposed restrictions. Accordingly, net assets are classified and reported as:

Without Donor Restrictions – Those resources not subject to donor-imposed restrictions. The board of directors has discretionary control over these resources. Designated amounts represent those net assets that the board has set aside for a particular purpose.

With Donor Restrictions – Those resources subject to donor imposed restrictions that will be satisfied by action of LBDN or by the passage of time.

LBDN has elected to present contributions with donor restrictions that are fulfilled in the same period within the net assets without donor restrictions class.

Revenues are reported as increases in revenue without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in revenue without donor restrictions. Gains and losses on assets or liabilities are reported as increases or decreases in revenue without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of revenue with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

Revenue Recognition

Contributions

The LBDN recognizes contributions when cash, securities, other assets, and unconditional accounts receivables, or notification of a beneficial interest is received. Conditional accounts receivables, 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.

All contributions are considered to be available for operations, unless specifically restricted by the donor. Amounts received that are restricted by the donor for future periods or for specific purposes are reported as support with donor restrictions that increases that net asset class. When a restriction expires, that is, when a stipulated time restriction or purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restriction. If a restriction is satisfied in the same year the contribution is received, the support is reported as revenue without donor restrictions.

LONG BEACH DAY NURSERY  
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Accounts receivable and pledges are stated at the amounts management expects to collect from outstanding balances. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for doubtful accounts and a credit to accounts receivable and pledges.

Net assets that have restrictions stipulated by the donor that the corpus be invested in perpetuity and only income be made available for operations are classified as net assets with donor restrictions.

Donated securities and other noncash donations are recorded at estimated fair values at the date of donation.

Contributions of donated services that create or enhance nonfinancial 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 their fair values in the period received. As of the year ended June 30, 2021, LBDN as recorded \$70,000 of contributions of donated services.

Government Grants and Contracts

The LBDN received grant and contract funding derived from various cost-reimbursable federal, and state contracts and grants, which are conditioned upon certain performance requirements and / or the incurrence of allowable qualifying expenses to provide a variety of program services based on specific requirements in the agreements including eligibility, procurement, reimbursement, curriculum, staffing and other requirements. These program services include childcare, and nutrition, programs. Such government grants and contracts are nonreciprocal transactions and include conditions stipulated by the government agencies and are, therefore, accounted for as conditional contributions.

Amounts received are recognized as revenue when expenditures have been incurred in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as other government contracts which are included in accounts payable in the statement of financial position.

These reimbursements are subject to audit by the appropriate governmental agencies. In the opinion of management, the results of such audits, if any, will not have a material effect on the financial position of the Organization at June 30, 2021, or its changes in net assets for the year then ended.

Program Service Fees

Program service fees include childcare offered by the LBDN. Program service fees are recognized at the time the service is provided. Any amounts collected, but unearned, would be classified as deferred revenue and recognized as income in the applicable period.

LONG BEACH DAY NURSERY  
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Special Events

Special events include some events with both an exchange element, in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received, and a contribution element for the LBDN. The contribution component is the excess of the gross proceeds over the fair value of the direct donor benefit.

Cash, Cash Equivalents, and Restricted Cash

We consider all cash and highly liquid financial instruments with original maturities of three months or less, 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 for future scholarships and other long-term purposes are excluded from this definition.

Accounts Receivable

Accounts receivable and pledges are stated at the amounts management expects to collect from outstanding balances. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for doubtful accounts and a credit to accounts receivable and pledges.

Property, Equipment and Depreciation

Property and equipment are stated at cost if purchased, or at fair value at the date of donation if donated. Depreciation is computed using the straight-line method over the estimated useful lives, ranging from five to forty years of the related assets. Expenditures for maintenance and repairs are charged to expense as incurred.

Donated Material and Equipment

Donated material and equipment are reflected as contributions in the accompanying statements at their estimated value at the date of donation.

Gifts and Bequests

LBDN reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restrictions are accomplished, net assets with donor restrictions are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restrictions.

LBDN reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used.

Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, LBDN reports expiration of donor restrictions when the donated or acquired long-lived assets are placed in service.

LONG BEACH DAY NURSERY  
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reconciliation of CDE and GAAP Expense Reporting

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

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no material impact on previously reported net assets.

Allocation of Functional Expenses

LBDN allocates its expenses on a functional basis among their various programs and support services. Expenses that can be identified with a specific program or support services are allocated directly according to their natural expenditure classification. Salaries, employee benefits, payroll taxes, outside services, training and travel are based on time and effort. Certain costs such as marketing and promotions, bank and merchant fees, board programs, general expenses, food, outreach, subscriptions and dues, and program supplies are allocated based on estimated usage. Costs related to space include insurance, interest, rent, repairs and maintenance which include maintenance of information and technology and other, telephone, and utilities are allocated on a square footage basis.

Exempt Organization Status and Income Taxes

LBDN is exempt from Federal Income Tax under Section 501(c) (3) of the Internal Revenue Code and Section 23701(d) of the California Tax Code. Contributions to LBDN are deductible for tax purposes under Section 170(c) (2) of the Internal Revenue Code. LBDN is involved in no activities that are subject to unrelated business tax. As a result, no provision for income taxes has been made.

The LBDN evaluates uncertain tax positions whereby the effect of the uncertainty would be recorded if the tax positions will more likely than not be sustained upon examination. As of June 30, 2021, management does not believe LBDN has any uncertain tax positions requiring accrual or disclosure. LBDN is subject to potential income tax audits on open tax years by any taxing jurisdiction in which it operates. The statute of limitations for federal and California state purposes is generally three and four years, respectively.

LONG BEACH DAY NURSERY  
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842) (ASU 2016-02). The guidance in this ASU supersedes the leasing guidance in Topic 840, Leases. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. LBDN is currently evaluating the impact of the adoption of the new standard on the financial statements.

NOTE 2 – CASH, CASH EQUIVALENTS, AND RESTRICTED CASH

Cash and cash equivalents are summarized as follows as on June 30, 2021.

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Cash	\$ 1,350,947		\$ 1,350,947
Restricted Cash			
Reserve established by the California Department of Education		\$ -	-
	<u>\$ 1,350,947</u>	<u>\$ -</u>	<u>\$ 1,350,947</u>

NOTE 3 - INVESTMENTS

The cost and estimated fair value of investments as of June 30, 2021, are as follows:

	<u>Cost Basis</u>	<u>Fair Value</u>
Money market	\$ 10,526	\$ 10,526
Fixed income	725,017	738,186
Equities	607,720	1,571,424
	<u>\$ 1,343,263</u>	<u>\$ 2,320,136</u>

The components of undesignated and designated investment returns are as follows:

	<u>Investments</u>	<u>Designated Beneficiary</u>	<u>Total</u>
Interest and dividend income	\$ 38,276	\$ 18,903	\$ 57,179
Realized gain on sale of investments	14,651	70,124	84,775
Net unrealized gain on investments	453,808	133,124	586,932
Brokerage fees	(10,166)	(11,759)	(21,925)
	<u>\$ 496,569</u>	<u>\$ 210,392</u>	<u>\$ 706,961</u>

LONG BEACH DAY NURSERY  
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 3 – INVESTMENTS (Continued)

Contributions made to the undesignated and designated investments in the 2021 fiscal year were \$13,375 and \$2,210, respectively. Distributions made to the undesignated and designated investments in the 2021 fiscal year were \$96,491 and \$0, respectively.

NOTE 4 - INVESTMENTS - ENDOWMENTS

Certain donors have given funds to the Long Beach Community Foundation (LBCF) with stipulations that LBDN be the designated beneficiary of such funds. LBDN does not have direct control as to how these donor contributions are invested. Rather, these investments are managed by LBCF or its outsourced parties for the benefit of LBDN. As LBDN does not have direct control as to how donor contributions are managed, LBDN classifies the amount as "Investments • Designated Beneficiary." LBCF reports to LBDN on a now monthly, semi- annual, and annual basis as to the fair value of the investments. However, LBCF does not report the cost basis of such investments. The estimated fair value of the Investments • Designated Beneficiary as of June 30, 2021 is \$1,126,032.

LBCF exclusively outsources its funds management to Greater Horizons (GH). GH exclusively uses the Greater Kansas City Community Foundation (GKCCF) to manage the funds of GH. LBCF funds are pooled with GH Funds. Because funds are pooled, GH only provides information to LBCF as to the aggregate value of LBCF's investments. Therefore, the cost basis cannot be determined by LBCF and is not provided to LBDN.

Based on the December 31, 2020 audited consolidated financial statements of Long Beach Community Foundation, LBCF has approximately \$60.53 million in assets of which approximately \$54.20 million are investments. In addition, LBCF has net assets (assets minus liabilities) of approximately \$43.90 million as of December 31, 2020. The consolidated financial statements of LBCF were audited by O&S CPAs & Business Advisors, LLP.

NOTE 5 - PROPERTY AND EQUIPMENT, NET

LBDN operates child care centers at two locations in Long Beach: 1548 Chestnut Avenue and 3965 Bellflower Boulevard.

Property and equipment at June 30, 2021 consist of the following:

Land	\$ 20,000
Buildings	3,312,148
Buildings improvements	1,029,814
Furniture and equipment	346,013
Machinery and equipment	<u>8,400</u>
	4,716,375
Less accumulated depreciation	<u>(2,796,306)</u>
Property and equipment, net	<u>\$ 1,920,069</u>

Depreciation expense for the year ended June 30, 2021, was \$148,449.

LONG BEACH DAY NURSERY  
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 6 – INTANGIBLE MINERAL LEASE RIGHTS

LBDN was bequeathed royalties of one-fifth of the net proceeds from a community oil and gas lease. The lease will last until the lessor can no longer obtain resources from the leased property. The royalties have a value of \$8,980 at June 30, 2021.

NOTE 7 - ACCRUED VACATION AND SICK LEAVE

Accumulated unpaid employee vacation benefits are recognized as accrued liabilities of LBDN. The value of accumulated vacation at June 30, 2021 is \$99,929 which is included in "Accrued expenses" In the accompanying Statement of Financial Position. However, accumulated employee sick leave benefits are not recognized as liabilities of LBDN because sick leave benefits are not paid out when employees leave and such benefits are recorded as expenses in the period when sick leave is taken.

NOTE 8 - DEFERRED REVENUE

Deferred revenue consist of the following at June 30, 2021:

Unearned service fees	\$ 13,853
Deferred Grant Revenue	<u>150,164</u>
Total	<u>\$ 164,017</u>

NOTE 9 – RESERVE ACCOUNT

Child development contractors with the California Department of Education (CDE) are allowed, with prior CDE approval, to maintain a reserve account from earned but unexpended child development contract funds. Transfers from a reserve account are considered restricted income for child development programs, but may be applied to any of the contracts that are eligible to contribute to that particular program type.

LBDN maintains a reserve account in an interest bearing bank account as required by its Center Based contract. The reserve account had a balance of \$0 at June 30, 2021. Upon termination of the child development contracts with the CDE, LBDN would have to return all of the reserve funds to the CDE. LBDN has acknowledged this condition by recording a liability of \$0 on its financial statements.

LONG BEACH DAY NURSERY  
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 10 - DEFERRED COMPENSATION PLAN

A Section 457(b) deferred compensation plan was established several years ago for an employee who has since terminated their service with LBDN. During their terms of employment, LBDN contributed to an account established under this plan on behalf of the employee. As of June 30, 2021, the plan has assets totaling \$153,772, held by Mutual of America, which can be accessed in accordance with the Election of Distribution signed July 9, 2013 by the former employee. These assets are shown on the accompanying Statement of Financial Position as "Funds held for a deferred compensation plan" asset with a corresponding deferred compensation plan liability.

NOTE 11 – PAYCHECK PROTECTION PROGRAM LOAN

In April 2020, LBDN received Paycheck Protection Program ("PPP") loan proceeds of \$436,615. The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides qualifying businesses with loans up to 2.5 times the qualifying business's average monthly payroll expenses. The loans and accrued interest are forgivable after twenty-four weeks as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible purposes as outlined in the loan. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the twenty-four-week period. The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, and payments are deferred for the first seven months. LBDN fulfilled and used \$248,179 of the loan proceeds and recorded the loan forgiveness revenue on the statement of activities and changes in net assets for the year ended June 30, 2021. LBDN applied for and received forgiveness for the full \$436,615 loan on June 7, 2021.

NOTE 12 - FEES FROM GOVERNMENT AGENCIES

Fees from Governmental Agencies for the year ended June 30, 2021 consist of the following:

Child Development Programs	\$ 1,533,033
Federal and State of California Food Program	<u>63,776</u>
Total	<u>\$1,596,809</u>



LONG BEACH DAY NURSERY  
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 13 – NET ASSETS WITH DONOR RESTRICTIONS

In accordance with the state law of California, LBDN has classified the fair value of donations restricted by donors to be held as endowments as net assets with donor restrictions. LBDN has interpreted this law as requiring preservation of the fair value of the original endowment gift, unless there are explicit donor stipulations to the contrary.

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor requires LBDN to retain as a perpetual fund balance. In accordance with generally accepted accounting principles, deficiencies of this nature are reported in net assets without donor restriction, when applicable. There were no such deficiencies as of June 30, 2021.

LBDN's net assets with donor restrictions consist of the following at June 30, 2021:

Subject to purpose requirements	
Various programs	\$ 4,469
Scholarships	18,171
Time restricted	50,000
Technology	50,000
	<u>122,640</u>
Perpetual in nature	
Endowment funds	1,126,032
Unitrust	349,822
	<u>1,475,854</u>
Total net assets with donor restrictions	<u>\$ 1,598,494</u>

NOTE 14 – NET ASSETS RELEASED FROM DONOR RESTRICTIONS

Net assets released during the year ended June 30, 2021 were:

Support for various programs	\$ 26,828
Scholarships given	21,671
	<u>48,499</u>
Total net assets released from donor restrictions	<u>\$ 48,499</u>

NOTE 15 – ENDOWMENT FUNDS

In accordance with the State of California law, The Uniform Prudent Management of Institutional Funds Act (UPMIFA), LBDN has determined that its endowment funds meet the definition of endowment under UPMIFA. LBDN's endowment is governed subject to the Long Beach Day Nursery Investment Policy Statement ("Investment Policy Statement"). Donor restricted net assets represent the fair value of the original gift as of the gift date and the original value of subsequent gifts to donor-restricted endowment funds.

LONG BEACH DAY NURSERY  
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 15 – ENDOWMENT FUNDS (Continued)

Under the terms of the Investment Policy Statement, LBDN's Board of Directors has delegated supervisory authority over investments to the Finance Committee. LBDN has adopted policies that attempt to maintain a diversified and balanced portfolio account and strive to achieve the best overall investment return possible within the guidelines and restrictions of the Investment Policy Statement. The accounts net performance shall be measured against certain performance benchmarks. The total return performance objective, after fees, is to equal or exceed the Consumer Price Index plus six percent. If the fund does not equal or exceed six percent, the fund shall be reviewed against industry benchmarks to determine if further action is needed. There is an annual distribution in an amount not to exceed 5.5% of the three-year trailing account balance average. The distribution will be used for the purpose of meeting general operating expenses.

Endowments with donor restrictions consist of the following at June 30, 2021:

George Marx Endowment Fund	\$ 572,405
Building Blocks Fund	345,175
Mary Soth Endowment Fund	137,261
Nellie N. Richards Endowment Fund	55,022
Carrie W. Brookshire Scholarship Fund	16,169
	1,126,032
Designated Beneficiary Opel Boone Unitrust	349,822
	\$ 1,475,854

Changes in endowment net assets as of June 30, 2021 are as follows:

	Without Restriction	With Restriction	Total
Endowment net assets, June 30, 2020	\$ 1,618,180	\$ 1,201,933	\$ 2,820,113
Contributions	13,375	2,210	15,585
Investment return:			
Investment income	32,949	24,230	57,179
Net appreciation (Realized/unrealized)	410,932	260,775	671,707
	457,256	287,215	744,471
Investment management fees	(10,166)	(11,759)	(21,925)
Distributions	(94,956)	(1,535)	(96,491)
Endowment net assets June 30, 2021	\$ 1,970,314	\$ 1,475,854	\$ 3,446,168

LONG BEACH DAY NURSERY  
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 16 - CREDIT RISKS, MARKET AND INTEREST RATE RISKS, UNCERTAINTIES, AND OTHER RISKS

Credit Risks

LBDN maintains cash accounts at Farmers & Merchants Bank with bank balances totaling \$1,350,768 at June 30, 2021. Accounts at this institution are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). Cash balances deposited and maintained by financial institutions may differ from cash balances presented in the statement of financial position due to timing differences.

Market and Interest Rate Risks

Financial instruments that subject LBDN to concentrations of credit risk consist primarily of investments in fixed income U.S. treasury securities, corporate bonds, and equities in common stocks of domestic corporations.

Uncertainties

Toward the end of December 2019, an outbreak of a novel strain of coronavirus ("COVID19") emerged globally. As a result, there have been mandates from federal, state and local authorities resulting in an overall decline in economic activity. The extent to which COVID19 may impact LBDN's results will depend on future developments, which are highly uncertain and cannot be predicted at this time.

Other

LBDN receives a majority of its public support and revenue from childcare contracts and fees from the federal government and state agencies. Any change in this source of income would have a large impact on LBDN's operations. It is management's opinion that revenue from this source will continue.

NOTE 17 - FAIR VALUE

FASB ASC 820, Fair Value Measurements and Disclosures, defines fair value, establishes a consistent framework for measuring fair value, and expands disclosure requirements for fair value measurements.

FASB ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities LBDN has the ability to access at the measurement date.

Level 2 inputs are inputs other than quoted prices Included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

LONG BEACH DAY NURSERY  
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 17 - FAIR VALUE (Continued)

The carrying amounts reported in the accompanying Statement of Financial Position for receivables and payables qualify as financial instruments and are a reasonable estimate of fair values because of the short period of time between the origination of such instruments and their expected realization and their current market rate of interest.

The following table presents LBDN's assets and related valuation Inputs within the fair value hierarchy utilized to measure fair value as of June 30, 2021 on a recurring basis:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money Market Funds	\$ 10,526			\$ 10,526
Fixed Income	738,186			738,186
Equities	1,571,424			1,571,424
LBCF – Investments Designated Beneficiary		\$1,126,032		1,126,032
Mineral Lease			\$ 8,980	8,980
Total	<u>\$2,320,136</u>	<u>\$1,126,032</u>	<u>\$ 8,980</u>	<u>\$3,455,148</u>

Fixed income and equities are valued at quoted prices of the active markets in which the securities are traded. The LBCF - Investments Designated Beneficiary are valued at quoted prices for identical or similar assets in non-active markets.

NOTE 18 - LEASES

Since 1961, LBDN has leased land from the City of Long Beach at 3965 Bellflower Blvd. for the purpose of operating its East Branch. Historically, the lease has renewed annually for \$1 per year in ten-year increments. Effective April 1, 2014, the lease was renewed for a period of ten years ending on March 31, 2024. Management cannot readily determine the annual fair value of this lease. Therefore, it is not reflected in the accompanying financial statements.

LBDN has entered into a non-cancelable operating lease agreement for a copier which expires in March 2023. LBDN has entered into a non-cancelable operating lease agreement for two copiers which expires in May 2024. The remaining minimum future lease payments under the lease agreement as of June 30, 2021 are:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 6,070
2023	4,082
2024	1,425
	<u>\$ 11,577</u>

Total rental expense for the year amounted to \$10,668.

LONG BEACH DAY NURSERY  
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 19 - NUTRITION PROGRAMS

LBDN has one nutrition agreement with CDE for Child and Adult Care Food Programs. No nutrition audit report schedules are included in the audit because (1) the audit disclosed no nutrition overpayments, underpayments, or program findings; (2) LBDN did not request reimbursement of audit costs; and (3) the audit is not a program-specific nutrition audit.

NOTE 20 – SPECIAL EVENTS

LBDN conducts special events and a campaign in order to assist in the program operations. All events are conducted in accordance with applicable federal, state, and local laws and ordinances. All revenues received from such events in excess of expenses are used for the program operations.

Special events revenue and expenses are as follows for the year ended June 30, 2021:

	Gross Revenue	Direct Donor Expense	Net
LB Gives	\$ 9,328	\$ (1,321)	\$ 8,007
Tea for Tots	32,663	(1,826)	30,837
Other	2,136	(70)	2,066
	\$ 44,127	\$ (3,217)	\$ 40,910

NOTE 21 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise of the following:

Cash and cash equivalents	\$ 1,350,947
Accounts receivable	149,210
Financial assets, at year end	1,500,157
Less: those unavailable for general expenditures within one year, due to:	
Payables owed to government agencies	(20,245)
Funds for program use	(4,469)
Funds for scholarships	(18,171)
Funds with time restriction	(50,000)
Funds for technology	(50,000)
Financial assets unavailable for general expenditure within one year	(142,885)
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,357,272

LONG BEACH DAY NURSERY  
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 21 – LIQUIDITY AND AVAILABILITY (Continued)

The board of directors and management prepare a budget each year based on their knowledge of prior year transactions and potential transactions. Once a month the board of directors and management review LBDN's financial statements to determine LBDN's liquid position and future prospects.

The board of directors has designated certain investments for future expenditure, which are fully described in Note 3 and 15. Because of the board of director's designation, those investments are not available for general expenditures within the next year; however, LBDNs' Investment Policy Statement allows the board of directors to designate the funds for general use, if necessary.

NOTE 22 - SUBSEQUENT EVENTS

Management has evaluated subsequent events and transactions occurring after year-end through the date November 11, 2021. No material subsequent transactions were identified.

SUPPLEMENTAL INFORMATION

LONG BEACH DAY NURSERY  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

FOR THE YEAR ENDED JUNE 30, 2021

	Federal Catalog Number	Grantor's Number	Program or Award Amount	Revenue Recognized	Expenditures
<b>FEDERAL AWARDS</b>					
US Department of Agriculture					
Child Care Food Program	10.558	19-1273-1A	\$ 63,776	\$ 63,776	\$ 63,776
<b>US Department of Health and Human Services (DHHS)</b>					
Pass-through California Department of Education					
General Child Care and Development Program	93.596	CCTR-0099	134,745	134,745	134,745
General Child Care and Development Program (Block Grant)	93.575	CCTR-0099	61,499	61,499	61,499
General Child Care and Development Program (CARES Act)	93.575	CCTR-0099	1,130	1,130	1,130
			<u>197,374</u>	<u>197,374</u>	<u>197,374</u>
Total Federal Assistance			<u>261,150</u>	<u>261,150</u>	<u>261,150</u>
<b>STATE FUNDING</b>					
Child Development Services		CCTR-0099	1,117,371	681,401	1,084,153
Child Development Services		CSPP-0217	816,395	816,395	1,056,661
Child Development Services		CCTR-EHS	142,510	142,510	142,510
Child Development Services		CSPP-QRIS	23,968	23,968	23,968
Total State Assistance			<u>\$ 2,100,244</u>	<u>\$ 1,664,274</u>	<u>\$ 2,307,292</u>

See Independent Auditors' Report



LONG BEACH DAY NURSERY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

JUNE 30, 2021

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued)

NOTE A - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal and State Awards (the Schedule) includes the federal grant activity of LBDN under programs of the federal government for the year ended June 30, 2021. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulation (CFR) Part 200, Uniform Administrative Requirements, Cost principles, and Audit Requirements for Federal Awards and State Awards as required by the California Department of Education Audit Guide. Because the Schedule presents only a selected portion of operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of LBDN.

NOTE B - 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 Title 2 U.S. Code of Federal Regulation (CFR) Part 200, Uniform Administrative Requirements, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE C – IN-KIND PERSONAL PROTECTIVE EQUIPMENT (PPE)

LBDN did not receive in-kind Personal Protective Equipment (PPE) during the year ended June 30, 2021.

See Independent Auditors' Report

LONG BEACH DAY NURSERY  
COMBINING STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2021

	Without Donor Restrictions				With Donor Restriction		Total
	General Child Care & Development CCTR-0099	State Preschool CSPP-0217	Total CDE Contracts	Non-CDE Programs	Total Without Donor Restrictions	Non-CDE Programs	
<b>REVENUE</b>							
Restricted Income							
Child care food program	\$ 35,423	\$ 28,353	\$ 63,776		\$ 63,776		\$ 63,776
Family fees - certified children	2,660	12,895	15,555		15,555		15,555
Family fees - noncertified children	339,398	223,735	563,133		563,133		563,133
Paycheck Protection Program	137,419	109,996	247,415		247,415		247,415
Unrestricted income							
Child care and development programs	681,401	851,632	1,533,033		1,533,033		1,533,033
Contributions	-	-	-	\$ 736,309	736,309	\$ 102,718	839,027
Local government contracts	-	-	-	68,500	68,500		68,500
Special events, net	-	-	-	40,910	40,910		40,910
Investment income, net	-	-	-	433,040	433,040	273,921	706,961
Interest	33	35	68	318	386		386
In-kind contribution	-	-	-	83,340	83,340		83,340
Total unrestricted income	<u>1,196,334</u>	<u>1,226,646</u>	<u>2,422,980</u>	<u>1,362,417</u>	<u>3,785,397</u>	<u>376,639</u>	<u>4,162,036</u>
Total supplemental income	<u>142,510</u>	<u>23,968</u>	<u>166,478</u>	<u>-</u>	<u>166,478</u>	<u>-</u>	<u>166,478</u>
Total Revenue	<u>1,338,844</u>	<u>1,250,614</u>	<u>2,589,458</u>	<u>1,362,417</u>	<u>3,951,875</u>	<u>376,639</u>	<u>4,328,514</u>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>48,499</u>	<u>48,499</u>	<u>(48,499)</u>	<u>-</u>
<b>TOTAL SUPPORT AND REVENUE</b>	<u>1,338,844</u>	<u>1,250,614</u>	<u>2,589,458</u>	<u>1,410,916</u>	<u>4,000,374</u>	<u>328,140</u>	<u>4,328,514</u>
<b>EXPENSES</b>							
Certified salaries:	701,657	644,873	1,346,530	12,567	1,359,097	-	1,359,097
Classified salaries:							
Full-time staff	117,608	188,561	306,169	764	306,933	-	306,933
Administrative	161,193	129,025	290,218	82,539	372,757	-	372,757
Food services	38,389	30,728	69,117	-	69,117	-	69,117
Temporary staffing	31,853	25,497	57,350	-	57,350	-	57,350
Employee benefits							
Employer paid benefits	107,168	80,994	188,162	10,581	198,743	-	198,743
Workers compensation	49,607	41,946	91,553	1,095	92,648	-	92,648
Payroll taxes	84,772	68,182	152,954	7,472	160,426	-	160,426
Books and Supplies	12,635	10,123	22,758	-	22,758	-	22,758
Services and other operating expenses	294,203	211,747	505,950	39,630	545,580	-	545,580
In-kind	-	-	-	83,340	83,340	-	83,340
Depreciation	-	-	-	148,449	148,449	-	148,449
Total Expenses claimed for reimbursement	<u>1,599,085</u>	<u>1,431,676</u>	<u>3,030,761</u>	<u>386,437</u>	<u>3,417,198</u>	<u>-</u>	<u>3,417,198</u>
Total supplemental expenses	<u>142,510</u>	<u>23,968</u>	<u>166,478</u>	<u>-</u>	<u>166,478</u>	<u>-</u>	<u>166,478</u>
Total Expenses	<u>1,741,595</u>	<u>1,455,644</u>	<u>3,197,239</u>	<u>386,437</u>	<u>3,583,676</u>	<u>-</u>	<u>3,583,676</u>
<b>CHANGE IN NET ASSETS</b>	<u>\$ (402,751)</u>	<u>\$ (205,030)</u>	<u>\$ (607,781)</u>	<u>\$ 1,024,479</u>	<u>\$ 416,698</u>	<u>\$ 328,140</u>	<u>\$ 744,838</u>

See Independent Auditors' Report

LONG BEACH DAY NURSERY  
SCHEDULE OF EXPENDITURES BY STATE CATEGORIES

FOR THE YEAR ENDED JUNE 30, 2021

		<u>General Child Care &amp; California State Preschool</u>		<u>Total CDE Contracts</u>
		<u>CCTR-0099</u>	<u>CSPP-0217</u>	
1000	Certified salaries, including supplemental expenses	\$ 701,657	\$ 644,873	\$ 1,346,530
2000	Classified salaries	349,043	373,811	722,854
3000	Employee benefits	241,547	191,122	432,669
4000	Books and supplies	12,635	10,123	22,758
5000	Services and other operating expenses	294,203	211,747	505,950
6100/6200	Other approved capital outlay	-	-	-
6400	New equipment	-	-	-
6500	Replacement equipment	-	-	-
	Depreciation or use allowance	-	-	-
	Start-up expenses - service level exemption	-	-	-
	Other non-reimbursable	-	-	-
	REIMBURSABLE COSTS TOTAL	<u>1,599,085</u>	<u>1,431,676</u>	<u>3,030,761</u>
	SUPPLEMENTAL EXPENSE	<u>142,510</u>	<u>23,968</u>	<u>166,478</u>
	TOTAL	<u>\$ 1,741,595</u>	<u>\$ 1,455,644</u>	<u>\$ 3,197,239</u>

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

See Independent Auditors' Report

LONG BEACH DAY NURSERY  
RECONCILIATION OF CDE AND GAAP EXPENSE REPORTING

FOR THE YEAR ENDED JUNE 30, 2021

	<u>CCTR-0099</u>	<u>CSPP-0217</u>	<u>CCTR-EHS</u>	<u>CSPP-QRIS</u>	<u>Total CDE CD Contracts</u>
Schedule of Expenditures by State Categories (CDE)	\$ 1,599,085	\$ 1,431,676	\$ 142,510	\$ 23,968	\$ 3,197,239
Adjustments to Reconcile Differences in Reporting:					
Depreciation on assets funded by CDE-CD	-	-	-	-	-
Capitalized renovation and repairs expensed on AUD forms	-	-	-	-	-
Capitalized lease expensed on AUD forms	-	-	-	-	-
Capitalized carpeting expensed on AUD forms	-	-	-	-	-
Capitalized equipment expensed on AUD forms	-	-	-	-	-
Audit fees expensed on AUD forms(in advance of services)	-	-	-	-	-
Subtotal	-	-	-	-	-
Combining Statement of Activities (GAAP)	<u>\$ 1,599,085</u>	<u>\$ 1,431,676</u>	<u>\$ 142,510</u>	<u>\$ 23,968</u>	<u>\$ 3,197,239</u>

See Independent Auditors' Report

LONG BEACH DAY NURSERY  
 SCHEDULE OF CLAIMED RENOVATION AND REPAIR  
 EXPENDITURES UTILIZING CONTRACT FUNDS  
 CHILD DEVELOPMENT PROGRAM

FOR THE YEAR ENDED JUNE 30, 2021

	General Child Care & Development CCTR-0099	State Preschool CSPP-0217	Total
Unit Cost Under \$10,000			
Item:			
None	\$ -	\$ -	\$ -
Total	<u>-</u>	<u>-</u>	<u>-</u>
Unit Cost Over \$10,000 With CDE Approval:			
Item:			
None			-
Total	<u>-</u>	<u>-</u>	<u>-</u>
Unit Cost Over \$10,000 Without CDE Approval:			
Item:			
None			
Total	<u>-</u>	<u>-</u>	<u>-</u>
Total Equipment Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Independent Auditors' Report

LONG BEACH DAY NURSERY  
 SCHEDULE OF CLAIMED EQUIPMENT  
 EXPENDITURES UTILIZING CONTRACT FUNDS

FOR THE YEAR ENDED JUNE 30, 2021

	General Child Care & Development CCTR-0099	State Preschool CSPP-0217	Total
Unit Cost Under \$7,500			
Item:			
None	\$ -	\$ -	\$ -
	-	-	-
Total	-	-	-
Unit Cost Over \$7,500 With CDE Approval:			
Item:			
Shade structure			
Total	-		-
Unit Cost Over \$7,500 Without CDE Approval:			
Item:			
None			
Total			
Total Equipment Expenditures	\$ -	\$ -	\$ -

See Independent Auditors' Report

LONG BEACH DAY NURSERY  
 SCHEDULE OF CLAIMED ADMINISTRATIVE COSTS

FOR THE YEAR ENDED JUNE 30, 2021

		General Child Care & Development CCTR-0099	State Preschool CSPP-0217	Total
1000	Certificated Salaries	\$ -	\$ -	\$ -
2000	Classified Salaries	168,278	134,697	302,975
3000	Employee Benefits	20,753	16,612	37,365
4000	Books and Supplies	-	-	-
5000	Services and Other Expenses	42,692	34,171	76,863
6100	Other Approved Capital	-	-	-
6400	New Equipment	-	-	-
6500	Equipment Replacement	-	-	-
6100-6500	Non-Reimbursable	-	-	-
	<b>TOTAL</b>	<b>\$ 231,723</b>	<b>\$ 185,480</b>	<b>\$ 417,203</b>

See Independent Auditors' Report

**California Department of Education  
Audited Attendance and Fiscal Report for  
California State Preschool Programs**

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Fiscal Year Ending **June 30, 2021**

Contract Number **CSPP-0217**

Vendor Code **B450**

Full Name of Contractor **LONG BEACH DAY NURSERY**

**Section 1 - Days of Enrollment Certified Children**

Enrollment Category	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Three Years and Older Full-time-plus	239		239	1.1800	282.02
Three Years and Older Full-time	7,078		7,078	1.0000	7,078
Three Years and Older Three-quarters-time	3,043		3,043	0.7500	2,282.25
Three Years and Older One-half-time	389		389	0.6193	240.9077
Exceptional Needs Full-time-plus				1.8172	0
Exceptional Needs Full-time				1.5400	0
Exceptional Needs Three-quarters-time				1.1550	0
Exceptional Needs One-half-time				0.9537	0
Limited and Non-English Proficient Full-time-plus	40		40	1.2980	51.92
Limited and Non-English Proficient Full-time	3,497		3,497	1.1000	3,846.7
Limited and Non-English Proficient Three-quarters-time	1,164		1,164	0.8250	960.3
Limited and Non-English Proficient One-half-time	168		168	0.6193	104.0424



Full Name of Contractor **LONG BEACH DAY NURSERY**

**Section 1 - Days of Enrollment Certified Children (continued)**

Enrollment Category	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
At Risk of Abuse or Neglect Full-time-plus				1.2980	0
At Risk of Abuse or Neglect Full-time	65		65	1.1000	71.5
At Risk of Abuse or Neglect Three-quarters-time				0.8250	0
At Risk of Abuse or Neglect One-half-time				0.6193	0
Severely Disabled Full-time-plus				2.2774	0
Severely Disabled Full-time				1.9300	0
Severely Disabled Three-quarters-time				1.4475	0
Severely Disabled One-half-time				1.1952	0
<b>TOTAL DAYS OF ENROLLMENT</b>	<b>15,683</b>		<b>15,683</b>	N/A	<b>14,917.6401</b>
<b>DAYS OF OPERATION</b>	<b>246</b>		<b>246</b>	N/A	N/A
<b>DAYS OF ATTENDANCE</b>	<b>9,951</b>		<b>9,951</b>	N/A	N/A

NO NON-CERTIFIED CHILDREN Check this box (omit pages 3 and 4) and continue to Revenue Section on page 5.

Full Name of Contractor **LONG BEACH DAY NURSERY**

**Section 2 - Days of Enrollment Non-Certified Children**

Enrollment Category	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Toddlers (18 up to 36 months) Full-time-plus				2.1240	0
Toddlers (18 up to 36 months) Full-time				1.8000	0
Toddlers (18 up to 36 months) Three-quarters-time				1.3500	0
Toddlers (18 up to 36 months) One-half-time				0.9900	0
Three Years and Older Full-time-plus				1.1800	0
Three Years and Older Full-time	4,746		4,746	1.0000	4,746
Three Years and Older Three-quarters-time				0.7500	0
Three Years and Older One-half-time				0.6193	0
Exceptional Needs Full-time-plus				1.8172	0
Exceptional Needs Full-time				1.5400	0
Exceptional Needs Three-quarters-time				1.1550	0
Exceptional Needs One-half-time				0.9537	0

Full Name of Contractor **LONG BEACH DAY NURSERY**

**Section 2 - Days of Enrollment Non-Certified Children (continued)**

Enrollment Category	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Limited and Non-English Proficient Full-time-plus				1.2980	0
Limited and Non-English Proficient Full-time				1.1000	0
Limited and Non-English Proficient Three-quarters-time				0.8250	0
Limited and Non-English Proficient One-half-time				0.6193	0
At Risk of Abuse or Neglect Full-time-plus				1.2980	0
At Risk of Abuse or Neglect Full-time				1.1000	0
At Risk of Abuse or Neglect Three-quarters-time				0.8250	0
At Risk of Abuse or Neglect One-half-time				0.6193	0
Severely Disabled Full-time-plus				2.2774	0
Severely Disabled Full-time				1.9300	0
Severely Disabled Three-quarters-time				1.4475	0
Severely Disabled One-half-time				1.1952	0
<b>TOTAL NON-CERTIFIED DAYS OF ENROLLMENT</b>	<b>4,746</b>		<b>4,746</b>	<b>N/A</b>	<b>4,746</b>

Full Name of Contractor **LONG BEACH DAY NURSERY**

**Section 3 - Revenue**

Revenue Category	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative per Audit
Restricted Income - Child Nutrition Programs	21,655	6,698	28,353
Restricted Income - County Maintenance of Effort (EC Section 8279)			
Restricted Income - Other: Paycheck Protection Program	119,398	-9,402	109,996
<b>Restricted Income - Subtotal</b>	<b>141,053</b>	<b>-2,704</b>	<b>138,349</b>
Transfer from Reserve - General		31,713	31,713
Transfer from Reserve - Professional Development		3,524	3,524
<b>Transfer from Reserve Total</b>		<b>35,237</b>	<b>35,237</b>
Waived Family Fees for Certified Children (July - August)	3,615	-150	3,465
Family Fees Collected for Certified Children (September - June)	9,376	3,519	12,895
Waived Family Fees for Certified Children (September - June)	3,525	347	3,872
<b>Family Fees for Certified Children (September - June) - Subtotal</b>	<b>12,901</b>	<b>3,866</b>	<b>16,767</b>
Interest Earned on Child Development Apportionment Payments	26	9	35
Unrestricted Income - Fees for Non-Certified Children	159,478	64,257	223,735
Unrestricted Income - Head Start			
Unrestricted Income - Other:			
<b>Total Revenue</b>	<b>309,933</b>	<b>100,318</b>	<b>410,251</b>

Comments:

Full Name of Contractor **LONG BEACH DAY NURSERY**

**Section 4 - Reimbursable Expenses**

Expense Category	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative per Audit
Direct Payments to Providers (FCCH only)			
1000 Certificated Salaries	650,513	-5,640	644,873
2000 Classified Salaries	362,533	11,278	373,811
3000 Employee Benefits	191,736	-614	191,122
4000 Books and Supplies	8,166	1,957	10,123
5000 Services and Other Operating Expenses	199,767	11,980	211,747
6100/6200 Other Approved Capital Outlay			
6400 New Equipment (program-related)			
6500 Equipment Replacement (program-related)			
Depreciation or Use Allowance			
Start-up Expenses (service level exemption)			
Budget Impasse Credit			
Indirect Costs (include in Total Administrative Cost)			
Non-Reimbursable (State use only)			
<b>Total Reimbursable Expenses</b>	<b>1,412,715</b>	<b>18,961</b>	<b>1,431,676</b>
Total Administrative Cost (included in Section 4 above)	143,020	42,460	185,480
Total Staff Training Cost (included in Section 4 above)			

Approved Indirect Cost Rate:

NO SUPPLEMENTAL REVENUE / EXPENSES Check this box and omit page 7.

Full Name of Contractor **LONG BEACH DAY NURSERY**

**Section 5 - Supplemental Revenue**

Supplemental Revenue Category	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative per Audit
Enhancement Funding			
Other: Quality Start Los Angeles/QRIS	23,968		23,968
Other:			
<b>Total Supplemental Revenue</b>	<b>23,968</b>		<b>23,968</b>

**Section 6 - Supplemental Expenses**

Supplemental Expense Category	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative per Audit
1000 Certificated Salaries			
2000 Classified Salaries			
3000 Employee Benefits			
4000 Books and Supplies			
5000 Services and Other Operating Expenses	23,968		23,968
6000 Equipment / Capital Outlay			
Depreciation or Use Allowance			
Indirect Costs			
Non-Reimbursable Supplemental Expenses			
<b>Total Supplemental Expenses</b>	<b>23,968</b>		<b>23,968</b>

Full Name of Contractor **LONG BEACH DAY NURSERY**

**Section 7 - Summary**

Summary Category	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative per Audit
Total Certified Days of Enrollment	15,683		15,683
Days of Operation	246		246
Days of Attendance	9,951		9,951
Restricted Program Income	141,053	-2,704	138,349
Transfer from Reserve		35,237	35,237
Family Fees for Certified Children (September - June)	12,901	3,866	16,767
Interest Earned on Apportionment Payments	26	9	35
Direct Payments to Providers			
Start-up Expenses (service level exemption)			
Total Reimbursable Expenses	1,412,715	18,961	1,431,676
Total Administrative Cost	143,020	42,460	185,480
Total Staff Training Cost			

Total Certified Adjusted Days of Enrollment **14,917.6401**

Total Non-Certified Adjusted Days of Enrollment **4,746**

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

Eligibility, enrollment and attendance records are being maintained as required (select YES or NO from the drop-down box): **Yes**

Reimbursable expenses claimed on page 6 are eligible for reimbursement, reasonable, necessary, and adequately supported (select YES or NO from the drop-down box): **Yes**

Include any comments in the comments box on page 5. If necessary, attach additional sheets to explain adjustments.

# California Department of Social Services Audited Attendance and Fiscal Report for Child Development Programs

Fiscal Year Ending **June 30, 2021**

Contract Number **CCTR-0099**

Vendor Code **B450**

A U D 9500 v2 Page 1 of 8

Full Name of Contractor **LONB BEACH DAY NURSERY**

## Section 1 - Days of Enrollment Certified Children

	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Infants (up to 18 months) Full-time-plus				2.8792	0
Infants (up to 18 months) Full-time	274		274	2.4400	668.56
Infants (up to 18 months) Three-quarters-time	58		58	1.8300	106.14
Infants (up to 18 months) One-half-time	1		1	1.3420	1.342
Toddlers (18 up to 36 months) Full-time-plus	123		123	2.1240	261.252
Toddlers (18 up to 36 months) Full-time	2,912		2,912	1.8000	5,241.6
Toddlers (18 up to 36 months) Three-quarters-time	2,699		2,699	1.3500	3,643.65
Toddlers (18 up to 36 months) One-half-time	7		7	0.9900	6.93
Three Years and Older Full-time-plus				1.1800	0
Three Years and Older Full-time	553		553	1.0000	553
Three Years and Older Three-quarters-time	488		488	0.7500	366
Three Years and Older One-half-time				0.5500	0
Exceptional Needs Full-time-plus				1.8172	0
Exceptional Needs Full-time				1.5400	0
Exceptional Needs Three-quarters-time				1.1550	0
Exceptional Needs One-half-time				0.8470	0



Full Name of Contractor **LONB BEACH DAY NURSERY**

**Section 1 - Days of Enrollment Certified Children (continued)**

	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Limited and Non-English Proficient Full-time-plus				1.2980	0
Limited and Non-English Proficient Full-time				1.1000	0
Limited and Non-English Proficient Three-quarters-time	70		70	0.8250	57.75
Limited and Non-English Proficient One-half-time				0.6050	0
At Risk of Abuse or Neglect Full-time-plus				1.2980	0
At Risk of Abuse or Neglect Full-time				1.1000	0
At Risk of Abuse or Neglect Three-quarters-time				0.8250	0
At Risk of Abuse or Neglect One-half-time				0.6050	0
Severely Disabled Full-time-plus				2.2774	0
Severely Disabled Full-time				1.9300	0
Severely Disabled Three-quarters-time				1.4475	0
Severely Disabled One-half-time				1.0615	0
<b>TOTAL CERTIFIED DAYS OF ENROLLMENT</b>	<b>7,185</b>		<b>7,185</b>	<b>N/A</b>	<b>10,906.224</b>
<b>DAYS OF OPERATION</b>	<b>246</b>		<b>246</b>	<b>N/A</b>	<b>N/A</b>
<b>DAYS OF ATTENDANCE</b>	<b>4,180</b>		<b>4,180</b>	<b>N/A</b>	<b>N/A</b>

NO NON-CERTIFIED CHILDREN Check this box (omit pages 3-4) and continue to Revenue Section on page 5.

Full Name of Contractor **LONB BEACH DAY NURSERY**

**Section 2 - Days of Enrollment Non-Certified Children**

	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Infants (up to 18 months) Full-time-plus				2.8792	0
Infants (up to 18 months) Full-time	1,135		1,135	2.4400	2,769.4
Infants (up to 18 months) Three-quarters-time				1.8300	0
Infants (up to 18 months) One-half-time				1.3420	0
Toddlers (18 up to 36 months) Full-time-plus				2.1240	0
Toddlers (18 up to 36 months) Full-time	4,621		4,621	1.8000	8,317.8
Toddlers (18 up to 36 months) Three-quarters-time				1.3500	0
Toddlers (18 up to 36 months) One-half-time				0.9900	0
Three Years and Older Full-time-plus				1.1800	0
Three Years and Older Full-time	461		461	1.0000	461
Three Years and Older Three-quarters-time				0.7500	0
Three Years and Older One-half-time				0.5500	0
Exceptional Needs Full-time-plus				1.8172	0
Exceptional Needs Full-time				1.5400	0
Exceptional Needs Three-quarters-time				1.1550	0
Exceptional Needs One-half-time				0.8470	0

Full Name of Contractor **LONB BEACH DAY NURSERY**

**Section 2 - Days of Enrollment Non-Certified Children (continued)**

	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Limited and Non-English Proficient Full-time-plus				1.2980	0
Limited and Non-English Proficient Full-time				1.1000	0
Limited and Non-English Proficient Three-quarters-time				0.8250	0
Limited and Non-English Proficient One-half-time				0.6050	0
At Risk of Abuse or Neglect Full-time-plus				1.2980	0
At Risk of Abuse or Neglect Full-time				1.1000	0
At Risk of Abuse or Neglect Three-quarters-time				0.8250	0
At Risk of Abuse or Neglect One-half-time				0.6050	0
Severely Disabled Full-time-plus				2.2774	0
Severely Disabled Full-time				1.9300	0
Severely Disabled Three-quarters-time				1.4475	0
Severely Disabled One-half-time				1.0615	0
<b>TOTAL NON-CERTIFIED DAYS OF ENROLLMENT</b>	<b>6,217</b>		<b>6,217</b>	<b>N/A</b>	<b>11,548.2</b>

Full Name of Contractor **LONB BEACH DAY NURSERY**

**Section 3 - Revenue**

	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative per Audit
Restricted Income - Child Nutrition Programs	34,001	1,422	35,423
Restricted Income - County Maintenance of Effort (EC Section 8279)			
Restricted Income - Other: Paycheck Protection Program - SBA	131,904	5,515	137,419
<b>Restricted Income - Subtotal</b>	<b>165,905</b>	<b>6,937</b>	<b>172,842</b>
Transfer From Reserve			
Waived Family Fees for Certified Children (July and August)	962		962
Family Fees Collected for Certified Children (September - June)	2,660		2,660
Waived Family Fees for Certified Children (September - June)	723		723
<b>Family Fees (September - June) - Subtotal</b>	<b>3,383</b>		<b>3,383</b>
Interest Earned on Child Development Apportionment Payments	33		33
Unrestricted Income - Fees for Non-Certified Children	339,398		339,398
Unrestricted Income - Head Start			
Unrestricted Income - Other:			
<b>Total Revenue</b>	<b>507,996</b>	<b>6,937</b>	<b>514,933</b>

Comments:

Full Name of Contractor **LONB BEACH DAY NURSERY**

**Section 4 - Reimbursable Expenses**

	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative per Audit
Direct Payments to Providers (FCCH only)			
1000 Certificated Salaries	737,492	-35,835	701,657
2000 Classified Salaries	367,815	-18,772	349,043
3000 Employee Benefits	246,494	-4,947	241,547
4000 Books and Supplies	10,420	2,215	12,635
5000 Services and Other Operating Expenses	250,334	43,869	294,203
6100/6200 Other Approved Capital Outlay			
6400 New Equipment (program-related)			
6500 Equipment Replacement (program-related)			
Depreciation or Use Allowance			
Start-up Expenses (service level exemption)			
Budget Impasse Credit			
Indirect Costs (include in Total Administrative Cost)			
Non-Reimbursable (State use only)			
<b>Total Reimbursable Expenses</b>	<b>1,612,555</b>	<b>-13,470</b>	<b>1,599,085</b>
Total Administrative Cost (included in Section 4 above)	143,211	88,512	231,723
Total Staff Training Cost (included in Section 4 above)			

Approved Indirect Cost Rate:

NO SUPPLEMENTAL REVENUE / EXPENSES Check this box and omit page 7.

Full Name of Contractor **LONB BEACH DAY NURSERY**

**Section 5 - Supplemental Revenue**

	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative per Audit
Enhancement Funding			
Other: Early Head Start	142,510		142,510
Other:			
<b>Total Supplemental Revenue</b>	<b>142,510</b>		<b>142,510</b>

**Section 6 - Supplemental Expenses**

	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative per Audit
1000 Certificated Salaries	142,510		142,510
2000 Classified Salaries			
3000 Employee Benefits			
4000 Books and Supplies			
5000 Services and Other Operating Expenses			
6000 Equipment / Capital Outlay			
Depreciation or Use Allowance			
Indirect Costs			
Non-Reimbursable Supplemental Expenses			
<b>Total Supplemental Expenses</b>	<b>142,510</b>		<b>142,510</b>

Full Name of Contractor **LONB BEACH DAY NURSERY**

**Section 7 - Summary**

	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative per Audit
Total Certified Days of Enrollment	7,185		7,185
Days of Operation	246		246
Days of Attendance	4,180		4,180
Restricted Program Income	165,905	6,937	172,842
Transfer from Reserve			
Family Fees for Certified Children (September - June)	3,383		3,383
Interest Earned on Child Development Apportionment Payments	33		33
Direct Payments to Providers			
Start-up Expenses (service level exemption)			
Total Reimbursable Expenses	1,612,555	-13,470	1,599,085
Total Administrative Cost	143,211	88,512	231,723
Total Staff Training Cost			

Total Certified Adjusted Days of Enrollment **10,906.224**

Total Non-Certified Adjusted Days of Enrollment **11,548.2**

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

Eligibility, enrollment and attendance records are being maintained as required (select YES or NO from the drop-down box): **YES**

Reimbursable expenses claimed on page 6 are eligible for reimbursement, reasonable, necessary, and adequately supported (select YES or NO from the drop-down box): **YES**

Include any comments in the comments box on page 5. If necessary, attach additional sheets to explain adjustments.

**California Department of Education  
Audited Reserve Account Activity Report**

Fiscal Year End	June 30, 2021
Reserve Account Type	Center-Based
Vendor Code	B450

A U D 9530A Page 1 of 1

Full Name of Contractor **LONG BEACH DAY NURSERY**

**Section 1 - Prior Year Reserve Account Activity**

1. Beginning Balance (2019-20 AUD 9530A Ending Balance)	0
2. Plus Transfers to Reserve Account:	Per 2019–20 Post-Audit CDNFS 9530
Contract No. CSPP9213	35,236
Contract No.	
Contract No.	
Contract No.	
Contract No.	
Contract No.	
<b>Total Transferred from 2019–20 Contracts to Reserve</b>	<b>35,236</b>
3. Less Excess Reserve to be Billed	
<b>4. Ending Balance per 2019–20 Post-Audit CDNFS 9530</b>	<b>35,236</b>

**Section 2 - Current Year (2020-21) Reserve Account Activity**

	Column A CDNFS 9530A	Column B Audit Adjustments	Column C per Audit
5. Plus Interest Earned This Year on Reserve	1		1
6. Less Transfers to Contracts from Reserve:			
CSPP General-Contract No. CSPP-0217		31,713	31,713
CSPP General-Contract No.			
CSPP Professional Development-Contract No. CSPP-0217		3,524	3,524
CSPP Professional Development-Contract No.			
<b>Subtotal CSPP Transfers</b>		<b>35,237</b>	<b>35,237</b>
Other Contract No.			
Other Contract No.			
Other Contract No.			
Other Contract No.			
Other Contract No.			
<b>Subtotal Other Contract Transfers</b>			
<b>Total Transferred to Contracts from Reserve Account</b>		<b>35,237</b>	<b>35,237</b>
<b>7. Ending Balance on June 30, 2021</b>	<b>35,237</b>	<b>-35,237</b>	<b>0</b>

COMMENTS - If necessary, attach additional sheets to explain adjustments.



# Guzman & Gray

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Patrick S. Guzman, CPA

## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Board of Directors  
Long Beach Day Nursery  
Long Beach, California

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Long Beach Day Nursery (a nonprofit organization), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Long Beach Day Nursery's basic financial statements, and have issued our report thereon dated November 11, 2021.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Long Beach Day Nursery'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 Long Beach Day Nursery's internal control. Accordingly, we do not express an opinion on the effectiveness of Long Beach Day Nursery'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

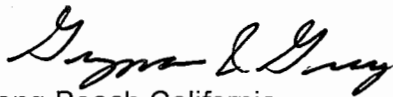
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS (Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Long Beach Day Nursery'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 result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Long Beach California  
November 11, 2021

LONG BEACH DAY NURSERY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2021

**Section I – Summary of Auditor’s Results**

**Financial Statements**

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

Material weakness identified? No

Significant deficiency identified? None reported

Noncompliance material to financial statements noted? No

**Section II – Financial Statement Findings**

Current year financial statement findings:

None

**Section III – Findings and Questioned Cost for Federal and State Awards**

Current year financial statement findings:

None

**Section IV – Status of Corrective Action on Prior Year Findings**

Current year financial statement findings:

None

Note: A Uniform Guidance 2 CFR 200 audit is not necessary since the Organization did not receive over \$750,000 of federal funds. The supplementary schedule of Federal and State awards is presented to conform to California Department of Education Requirements.

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## INTERNAL CONTROL COMMUNICATION LETTER

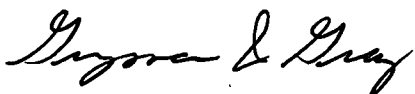
Management and the Board of Directors  
Long Beach Day Nursery

In planning and performing our audit of the financial statements of Long Beach Day Nursery as of and for the year ended June 30, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered Long Beach Day Nursery's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Long Beach Day Nursery's internal control. Accordingly, we do not express an opinion on the effectiveness of the Long Beach Day Nursery's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

This communication is intended solely for the information and use of management and the Board of Directors of Long Beach Day Nursery, others within the Organization, and officials of the California Department of Education, and is not intended to be, and should not be, used by anyone other than these specified parties.



Long Beach, California  
November 11, 2021