Report of Independent Auditors and Financial Statements

Child Care Resource Center, Inc.

June 30, 2023 and 2022

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Report of Independent Auditors

The Audit Committee of the Board of Directors
Child Care Resource Center, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Child Care Resource Center, Inc., which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Child Care Resource Center, Inc., as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Child Care Resource Center, Inc., and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 2 to the financial statements, Child Care Resource Center, Inc. changed its method for accounting for leases as of July 1, 2022, due to the adoption of Accounting Standards Update No. 2016-02, *Leases (Topic 842)*, and the related amendments using the modified retrospective approach. Our opinion is not modified with respect to this matter.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

Moss Adams LLP

Los Angeles, California
December 14, 2023

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Financial Statements

Child Care Resource Center, Inc.
Statements of Financial Position
June 30, 2023 and 2022

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 33,292,539	$ 3,892,598
Cash held in reserve	1,561,417	1,080,306
Government contracts receivable	26,194,034	27,020,600
Other receivables	217,560	210,400
Investments	18,336,995	17,176,639
Prepaid expenses and other current assets	2,816,622	4,080,609
Total current assets	82,419,167	53,461,152
PROPERTY AND EQUIPMENT, net	44,277,420	14,350,070
OPERATING LEASE RIGHT-OF-USE ASSETS	14,856,300	-
OTHER ASSETS	523,236	1,025,648
Total assets	$ 142,076,123	$ 68,836,870
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 45,226,966	$ 35,678,518
Line of credit	2,655,352	-
Due to funding agencies	2,870,817	8,611
Reserve funds	1,800,968	1,110,924
Deferred revenue and advance payments	18,044,889	2,377,690
Contract liability, current portion	1,262,624	-
Current portion of operating lease liabilities	3,043,173	-
Deferred rent, current portion	-	28,003
Mortgage loans payable, current portion	1,214,848	350,315
Total current liabilities	76,119,637	39,554,061
DEFERRED RENT, net of current portion	-	48,704
CONTRACT LIABILITY, net of current portion	6,313,120	-
OPERATING LEASE LIABILITIES, net of current portion	11,847,884	-
MORTGAGE LOANS PAYABLE, net of current portion	18,167,905	2,929,609
Total liabilities	112,448,546	42,532,374
COMMITMENTS AND CONTINGENCIES (Note 13)		
NET ASSETS		
Without donor restrictions	29,627,577	26,304,496
Total net assets	29,627,577	26,304,496
Total liabilities and net assets	$ 142,076,123	$ 68,836,870

See accompanying notes.

Child Care Resource Center, Inc.
Statements of Activities
Years Ended June 30, 2023 and 2022

	2023 Without Donor Restrictions	2022 Without Donor Restrictions
REVENUE AND SUPPORT WITHOUT DONOR RESTRICTIONS		
Grant revenue	$ 425,548,604	$ 356,512,639
Fees for services	63,038,171	41,604,426
Contributions	173,815	220,306
In-kind contributions	176,120	118,240
Interest income	424,015	405,498
Investment income (loss), net	736,394	(3,419,133)
Other income	446,932	210,962
Total revenue and support without donor restrictions	490,544,051	395,652,938
EXPENSES AND OTHER GAINS AND LOSSES		
Program services	451,140,870	366,119,837
General and administrative	35,762,882	27,927,852
Fundraising	317,218	251,429
Total expenses	487,220,970	394,299,118
Gain on disposal of equipment	-	(14,518)
Total expenses and other gains and losses	487,220,970	394,284,600
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	3,323,081	1,368,338
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Beginning of year	26,304,496	24,936,158
End of year	$ 29,627,577	$ 26,304,496

See accompanying notes.

Child Care Resource Center, Inc.
Statements of Functional Expenses
Year Ended June 30, 2023

	Program Services	General and Administrative	Fundraising	Total
PAYMENTS TO CHILD CARE PROVIDERS	$ 353,651,893	$ 50,510	$ -	$ 353,702,403
PAYMENTS FOR CONTRACTED SERVICES	17,777,112	84,376	-	17,861,488
PERSONNEL EXPENSES				
Salaries and wages	49,215,064	15,449,994	135,424	64,800,482
Employee benefits	11,820,487	3,167,539	29,100	15,017,126
Payroll taxes	4,070,992	1,197,393	10,967	5,279,352
Workers' compensation insurance	1,179,267	235,290	2,058	1,416,615
Total personnel expenses	66,285,810	20,050,216	177,549	86,513,575
OTHER EXPENSES				
Advertising	532,087	188,644	1,905	722,636
Bank fees	-	97,145	3,814	100,959
Business insurance	539,729	116,317	1,172	657,218
Conferences and staff development	919,371	361,937	3,013	1,284,321
Depreciation and amortization expense	861,184	1,619,610	5,190	2,485,984
In-kind professional services	176,120	-	-	176,120
Interest expense	-	967,336	210	967,546
Membership dues	122,697	66,488	955	190,140
Office equipment leases and maintenance	18,877	515,019	3,417	537,313
Other expenses	131,780	313,836	1,037	446,653
Postage and delivery	15,557	258,397	2,547	276,501
Printing	257,228	-	1,652	258,880
Professional services	1,194,510	3,456,597	36,052	4,687,159
Lease expense	2,525,460	1,769,702	20,732	4,315,894
Repairs and maintenance	944,639	828,267	8,750	1,781,656
Software costs	447,106	3,247,295	31,659	3,726,060
Supplies	3,144,157	1,204,836	11,910	4,360,903
Telephone	656,697	172,064	1,678	830,439
Travel	418,685	159,993	1,609	580,287
Utilities	520,171	234,297	2,367	756,835
Total other expenses	13,426,055	15,577,780	139,669	29,143,504
Total expenses	$ 451,140,870	$ 35,762,882	$ 317,218	$ 487,220,970

See accompanying notes.

Child Care Resource Center, Inc.
Statements of Functional Expenses (Continued)
Year Ended June 30, 2022

	Program Services	General and Administrative	Fundraising	Total
PAYMENTS TO CHILD CARE PROVIDERS	$ 278,869,964	$ -	$ -	$ 278,869,964
PAYMENTS FOR CONTRACTED SERVICES	16,829,610	-	-	16,829,610
PERSONNEL EXPENSES				
Salaries and wages	40,997,394	12,154,316	102,445	53,254,155
Employee benefits	11,014,062	2,771,221	24,427	13,809,710
Payroll taxes	3,571,874	941,925	8,479	4,522,278
Workers' compensation insurance	990,871	146,321	1,250	1,138,442
Total personnel expenses	56,574,201	16,013,783	136,601	72,724,585
OTHER EXPENSES				
Advertising	347,178	209,036	2,825	559,039
Bank fees	1,594	12,724	3,171	17,489
Business insurance	350,414	80,829	816	432,059
Conferences and staff development	689,013	381,322	3,277	1,073,612
Depreciation and amortization expense	307,294	1,826,214	1,000	2,134,508
In-kind professional services	118,240	-	-	118,240
Interest expense	-	126,758	-	126,758
Membership dues	99,352	84,594	5,219	189,165
Office equipment leases and maintenance	41,914	442,017	2,748	486,679
Other expenses	207,554	156,486	9,315	373,355
Postage and delivery	9,043	211,075	-	220,118
Printing	8,805	-	-	8,805
Professional services	1,272,327	2,213,593	26,918	3,512,838
Rent	2,996,062	1,428,921	14,827	4,439,810
Repairs and maintenance	927,215	587,770	6,153	1,521,138
Software costs	644,901	2,304,772	24,968	2,974,641
Supplies	4,299,147	1,305,781	12,807	5,617,735
Telephone	942,501	280,075	-	1,222,576
Travel	167,293	77,200	784	245,277
Utilities	416,215	184,902	-	601,117
Total other expenses	13,846,062	11,914,069	114,828	25,874,959
Total expenses	$ 366,119,837	$ 27,927,852	$ 251,429	$ 394,299,118

See accompanying notes.

Child Care Resource Center, Inc.
Statements of Cash Flows
Years Ended June 30, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 3,323,081	$ 1,368,338
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	2,485,984	2,134,508
Net realized and unrealized loss (gain) on investments	(695,602)	3,322,815
Amortization of operating lease right-of-use assets	3,275,023	-
Gain on disposal of equipment	-	(14,518)
(Increase) decrease in		
Government contracts receivable	1,066,017	(8,491,987)
Other receivables	(7,160)	453,825
Prepaid expenses and other current assets	1,263,987	(132,681)
Other assets	502,412	(729,522)
Increase (decrease) in		
Accounts payable and accrued liabilities	9,548,448	1,635,749
Due to funding agencies	2,862,206	(501)
Deferred revenue and advance payments	15,667,199	(10,757,393)
Deferred rent	(76,707)	(51,894)
Contract liability	7,575,744	-
Operating lease liabilities	(3,240,266)	-
Net cash provided by (used in) operating activities	43,550,366	(11,263,261)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(32,413,335)	(3,424,260)
Proceeds from sale of equipment	-	14,518
Purchase of investments	(4,432,102)	(18,799,444)
Proceeds from sale of investments	3,967,349	8,771,584
Increase (decrease) in reserve fund liability	450,593	(341,353)
Net cash used in investing activities	(32,427,495)	(13,778,955)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from lines of credit	22,709,101	5,000,000
Payments on lines of credit	(20,053,749)	(5,000,000)
Proceeds from mortgage loan payable	17,212,500	-
Payments on mortgage loan payable	(1,109,671)	(338,120)
Net cash provided by (used in) financing activities	18,758,181	(338,120)
CHANGE IN CASH, CASH EQUIVALENTS, AND CASH HELD IN RESERVE	29,881,052	(25,380,336)
CASH, CASH EQUIVALENTS, AND CASH HELD IN RESERVE, beginning of year	4,972,904	30,353,240
CASH, CASH EQUIVALENTS, AND CASH HELD IN RESERVE, end of year	$ 34,853,956	$ 4,972,904
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid during the year for interest	$ 165,057	$ 3,819

See accompanying notes.

Note 1 – Nature of Operations

Child Care Resource Center, Inc. ("CCRC") is a California Nonprofit Public Benefit Corporation that has been serving children, families, and child care providers since 1976. CCRC's vision of healthy and strong children and families living in thriving communities guides its mission to cultivate child, family, and community well-being. CCRC manages programs to assist with issues such as finding and selecting child care and child care financial assistance to families. Children and families benefit from these programs allowing parents to go to work and attend school, contribute to the economy, and strengthen their families and the community. Each month, CCRC provides support, development, and education to more than 60,000 children and families in the agency's 22,500-square-mile service area.

Child care financial assistance – CCRC offers different programs that are funded to help families pay for child care. These programs may offer an educational component that is developmentally, culturally, and linguistically appropriate for the children served. Meals and snacks are provided to children, along with parent education, referrals to health and social services for families, and staff development opportunities to employees. These programs help provide families a way out of poverty and are intended to increase parental choice and accommodate the individual needs of the family.

Early Care and Learning

- **Head Start Birth to 5** – Head Start Birth to 5 is a comprehensive preschool program that works to ensure the healthy development of thousands of local children from birth to 5 years. The program for children birth to 3 years includes a home visiting option and a center-based option. Both include parent education, health, nutrition, mental health services, and developmentally appropriate activities for infants and toddlers, including children with special needs. For children ages 3 to 4, the program provides the same information and support for parents plus three to six hours a day in a high-quality pre-school classroom, as well as medical, dental, mental health, nutrition, and parent involvement services.

- **Early Head Start – Child Care Partnership** – Child care providers receive training in order to offer working families the same comprehensive services as the Head Start Birth to 5 program. Each child participating in the program receives appropriate activities and comprehensive services such as nutrition, health, and dental evaluations. Child care providers benefit from coaching and mentoring to maintain a high level of care. Families also receive parenting and child development support.

- **California State Preschool Program (CSPP)** – CSPP provides both part-day and full-day services that provide a core class curriculum that is developmentally, culturally, and linguistically appropriate for the children served. The program also offers meals and snacks to children, parent education, referrals to health and social services, and staff development opportunities to employees.

Family Child Care Home Education Network (FCCHEN) – The FCCHEN program provides a quality child care experience in a home-based environment. Child care providers participating in this program are required to attend training to support ongoing professional development and receive assessments of both their child care environment and developmental progress of children in their care.

Family Well-Being

- **Building Early Education Strategies (BEES)** – The BEES program aims to provide timely consultation to ensure that child care providers, children, and their families receive the support they need to strengthen the child's social and emotional development. BEES is a prevention-based program that pairs a Mental Health Consultant with adults working with infants and children to strengthen the child's social and emotional development needed for school readiness.

- **Home Visiting** – A voluntary program, Home Visiting, is funded by First 5 Los Angeles that provides hospital and home-based assistance to pregnant and post-partum women. Home Visiting is a service that focuses on families with young children 0–5 and expectant moms. A Home Visitor utilizes the Parents as Teachers curriculum to support the family in developing positive parenting skills and to help parents when they interact with their child. They provide activities based on the child's age as well as local resources and community referrals to help children and the overall well-being of the family. The services provided can help to prevent child abuse and neglect and help children get ready to start school. To participate, families must live within the boundaries of the 14 Los Angeles communities supported by First 5 Los Angeles' Best Start initiative.

- **Emergency Child Care Bridge** – In partnership with the County of Los Angeles Department of Children and Family Services, CCRC assists with the identification of, and funding paid to, foster/resource parents who take in children under the age of five that have been removed from their home in emergency situations.

Child Care Resource & Referral

- **Family engagement** – CCRC offers a variety of programs as a vehicle to support relationship building and children's healthy development. These programs include School Age Read Along Cohorts, Pop-Up Playgroups, Nurturing Fathers, and Inclusion Trainings.

- **Help finding child care** – CCRC's Referral Specialists assist parents, at no charge, in locating and selecting the best child care for their family's needs—types of child care, how to identify a quality environment, and referrals to licensed child care providers.

Statewide Initiatives

- **Preschool Development Grant (PDG)** – CCRC administers funding and provides guidance to a statewide network of Resource & Referral agencies (R&Rs) designed to deliver Parent Cafés. The café experience is designed to be a safe and nurturing space for parents to receive new information, share experiences, ask questions, and learn about resources to help raise strong, resilient children. Topics include "The Growing Brain," "Raising Safe Kids," "Strengthening Families," and "Learn the Signs. Act Early."

- **Trauma Informed Care (TIC)** – As the lead agency, CCRC leverages the existing statewide regional delivery system, developed through PDG work, to train Lead Agencies who provide a training of trainers on TIC provider cafés and support the local R&Rs in their region in the facilitation of the TIC training and provider cafés.

- **Research and Program Evaluation** – CCRC's Research and Program Evaluation staff ensure optimal services for families and children by providing internal and external stakeholders with useful tools and information that can be used for program evaluation, forecasting and strategic planning, contract compliance, and advocacy.

Workforce Development

- **Apprenticeships** – Apprenticeships are designed to be a pathway to a dynamic career in a high-demand field such as child care resulting in a well-trained and productive workforce. CCRC works with various partners to help participants earn a California Child Development Associate Teacher Permit. Additionally, should they choose to, participants are provided pathways to earn an associate and bachelor's degree in the Child Development field. By taking advantage of these programs, participants are given an opportunity to earn a living wage, on the job training, technical instruction, and education. This helps to fill challenging vacancies in the field of early care and education.

- **Professional Development Coaching**

  California Child Care Initiative Project (CCIP) – The CCIP program is designed to increase the availability of licensed, quality child care. CCRC's trained child development specialists provide technical assistance and training to help child care providers meet California state licensing requirements and grow their businesses.

  Community Learning – CCRC offers a wide variety of training for parents and child care providers to support healthy child and family development, emergency preparedness, response, and disaster recovery, health and safety, and more.

  Quality Start San Bernardino (QSSB) and Los Angeles (QSLA) – CCRC provides training and coaching for center-based and licensed family child care home providers who wish to improve the quality of their care. They learn methods to improve the classroom environment, teacher-child interaction, complete college classes to obtain a teacher assistant or teaching certificate, their associate or bachelor's degree, family engagement, and screening of children with special needs.

Note 2 – Summary of Significant Accounting Policies

Basis of presentation – The financial statements of CCRC have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP) and accordingly reflect all significant receivables, payables, and other liabilities. The significant accounting policies followed by CCRC are described below to enhance the usefulness of the financial statements to the reader.

Cash, cash equivalents, and cash held in reserve – For the purpose of the statements of cash flows, CCRC considers all temporary, short-term, highly liquid investments purchased with original maturities of three months or less to be cash, cash equivalents, and cash held in reserve, except those held for investment.

The following table provides a reconciliation of cash, cash equivalents, and cash held in reserve reported within the statements of financial position that sum to the total of the same such amounts shown in the statements of cash flows:

	June 30, 2023	June 30, 2022
Cash and cash equivalents	$ 33,292,539	$ 3,892,598
Cash held in reserve	1,561,417	1,080,306
Total cash, cash equivalents, and cash held in reserve as presented on the statements of cash flows	$ 34,853,956	$ 4,972,904

Cash held in reserve relates to advance payments from California Department of Education (CDE) and California Department of Social Services (CDSS), which are maintained in separate deposit accounts pursuant to the requirements of certain child development grant contracts with CDE and CDSS.

The related liability has been reflected in reserve funds in the accompanying statements of financial position at June 30, 2023 and 2022. On an annual basis, CDE and CDSS review and calculate the reserve funds liability in the accompanying statements of financial position, and as result, either CDE or CDSS will submit an additional advance payment to CCRC for an increase in reserve funds liability or CCRC will return to CDE and CDSS the amount in excess of the reserve funds liability. The advance payments may be used for operations in certain cases. Any unused reserve funds must be returned to CDE/CDSS upon termination of services under the child development contracts. Cash held in reserve pursuant to contracts with the CDE/CDSS at June 30, 2023 and 2022, was $1,561,417 and $1,080,306, respectively, and funds to be transferred from government contracts receivable at June 30, 2023 and 2022, were $239,451 and $30,618, respectively. Reserve funds liability at June 30, 2023 and 2022, was $1,800,968 and $1,110,924, respectively.

Government contracts receivable – Government contracts receivable consist of unsecured and non-interest-bearing reimbursements due from various program funding sources for services performed prior to year-end. An allowance for uncollectible government contracts receivable is provided based upon management's judgement considering such factors as prior collection history, type of contract, and nature of the activity. There were no recorded allowances for uncollected government contract receivables at June 30, 2023 and 2022.

Other receivables – Other receivables consist primarily of unsecured and non-interest-bearing amounts due from family fees. CCRC carries its receivables at invoiced amounts less allowance for doubtful accounts. CCRC does not accrue interest on its receivables. On a periodic basis, CCRC evaluates its accounts receivable and establishes allowances based on overdue accounts and a history of past write-offs. There was no allowance recorded at June 30, 2023.

Investments – Investments are reported at their fair value. Interest, dividends, and realized and unrealized gains and losses, net of investment expenses from investments, are included in investment income (loss) on the statements of activities.

Property and equipment – Property and equipment are carried at cost for items purchased or fair value at the date of the gift for donated items. Repairs and maintenance are charged to expense when incurred. CCRC capitalizes computer equipment and other property items in excess of $2,000 and expenses amounts below these thresholds. Depreciation is computed using the straight-line method over estimated useful lives as follows:

Computer equipment and software	4 years
Furniture, fixtures, and office equipment	10 years
Vehicles	7 years
Building	30 years
Building improvements	5–15 years
Leasehold improvements	Lesser of useful life or remaining term of the lease

CCRC capitalized implementation costs and licensing fees in the amount of $8,838,368 for certain software as a service (SaaS) contracts that were entered into during the year ended June 30, 2023. SaaS is a software delivery method that provides access to software and its functions remotely as a web-based service over the internet. The licensing fees provide access to the SaaS for seven years following the implementation date which is expected to occur in January 2024. These fees have been financed through a contract liability further discussed in Note 7. This asset will be amortized on a straight-line basis over 7 years upon implementation.

Impairment of long-lived assets – Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows (undiscounted and without interest) expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less the cost to sell. As of June 30, 2023 and 2022, management determined that long-lived assets were not impaired.

Operating lease right-of-use assets and operating lease liabilities – CCRC recognizes right-of-use (ROU) assets and lease liabilities for leases with an expected term greater than twelve months on its statement of financial position at commencement date, which is the date CCRC gains access to the property or underlying asset. The ROU asset is determined based on the lease obligation adjusted for lease incentives received. The lease liabilities are determined based on the present value of future minimum rental payments using a risk-free rate based on the information available at the time of the lease commencement. Operating lease cost is recognized on a straight-line basis over the lease term. Certain optional renewal periods would not be included in the determination of the ROU asset and lease liabilities if management determines it is not reasonably certain that the lease would be extended.

Due to funding agencies – Due to funding agencies represents amounts received under grant contracts which have not been earned by the end of the grant period and must be repaid to the funding source, typically within the upcoming fiscal year.

Deferred revenue and advance payments – Deferred revenue and advance payments represent amounts received in advance for programs for which services must be provided.

Deferred rent – In compliance with Accounting Standards Codification (ASC) 840, *Leases*, CCRC recognizes rent expense on a straight-line basis over the terms of its leases. The difference between rent expense and the actual cash rent payments is classified as a deferred rent liability. Effective July 1, 2022, the deferred rent liability was removed upon adoption of Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*, which superseded ASC 840. See Note 12.

Net assets – The net assets of CCRC are classified into two categories based on the nature of the donor-imposed restriction as follows:

Net assets without donor restrictions – Include those assets over which CCRC has discretionary control in carrying out the operations of CCRC. CCRC has elected to report, as an increase in net assets without donor restrictions, any restricted revenue received in the current period for which the restrictions have been met in the current period.

Net assets with donor restrictions – Include those assets which are limited as to use by donor-imposed stipulations that may expire with the passage of time, or that may be satisfied by action of CCRC, or may be required by donors to be held in perpetuity. When a restriction expires (that is, when a stipulated time restriction ends or the purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. As of June 30, 2023 and 2022, there were no net assets with donor restrictions.

Grant revenue – Grant revenue consists of grants received from CDSS, CDE, Department of Health & Human Services – Administration for Children & Families (DHHS – ACF), Los Angeles County – Department of Public Health (LADPH), and various governmental funding sources. These sources of support are to be spent for specific purposes. Child care services and general and administrative expenses are funded in part by CDSS, CDE, DHHS – ACF, LADPH, and other grants, which are subject to annual budget negotiations and availability of funds. Revenue from grants and contracts that are nonreciprocal is treated like contributions. If the grant or contract is conditional, a barrier to entitlement exists. Revenue is recognized when the barrier is considered overcome and as allowable expenditures under such agreements are incurred, as an increase to net assets without donor restrictions. If the grant or contract is unconditional, revenue is reported as an increase in net assets without donor restrictions.

Consequently, revenues for these transactions are recognized as the expenditures are incurred. Any difference between expenses incurred and the total funds received (not to exceed the grant maximum) is recorded as government contracts receivable or due to funding agencies.

Fees for service – CCRC receives support from the Los Angeles County Department of Public Social Services (DPSS) under the CalWORKs welfare-to-work program. CCRC receives reimbursements for payments to providers and an administrative fee per family served per month under this program. Amounts received under this program are reflected as fees for services in the accompanying statements of activities as services are performed.

Family fees – Under the Child Care Financial Assistance Program, families may be responsible for paying a portion of their child care, referred to as family fees. Family fees are determined based on the family's income and size. CCRC collects family fees on the first day of every month and recognizes when services have been provided. In August 2020, the California legislature passed Senate Bill 820, waiving all family fees for all participants for the months of July and August 2020 and for certain families that met certain eligibility requirements for the remainder of the fiscal year. In September 2021, the California legislature passed Assembly Bill (AB) 131 which again waived all family fees effective from July 1, 2021 through June 30, 2023. This resulted in no revenue from family fees for the years ended June 30, 2023 and 2022. The State of California directed additional funds to make payments to child care providers during these periods.

Contributions – CCRC recognizes contributions, including unconditional promises to give, as support in the period received. CCRC reports contributions 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 and/or purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

In-kind contributions – Donated office space, donated equipment, and other donated goods and services are recorded at their estimated fair value as of the date of the donation if the fair value exceeds $1,000. Contributed services are recognized if the services (a) create or enhance long-lived assets, or (b) require specialized skills, which are provided by individuals possessing those skills and would need to be purchased if not provided by donation. CCRC received professional services relating to the Head Start Program valued at $176,120 and $118,240 for the years ended June 30, 2023 and 2022, respectively. These services were utilized during each respective year and had no donor restrictions beyond their use in the Head Start Program. The estimated fair value of these professional services is provided by the service provider, who estimates the fair value based on the date, time, and market in which each service is rendered.

Functional expenses – The costs of providing the various programs and other activities have been summarized both on a natural and functional basis in the accompanying statements of activities and detailed in the statements of functional expenses. Expenses that can be identified as belonging to a specific program or support function are charged directly to that function. Expenses that are attributed to more than one program or support function have been allocated on a reasonable methodology that is consistently applied among the programs and supporting services benefited, based upon management's estimates, time studies, and use of resources. Certain facility-related costs, which are allocated on a square-footage basis, as well as personnel expenses, office expenses, insurance, professional services, and other expenses allocated on the basis of time and effort, have been allocated between program services, general and administrative, and fundraising. Administrative department staff and expenses are charged entirely to general and administrative. Fundraising costs of $317,218 and $251,429 for the years ended June 30, 2023 and 2022, respectively, were not charged to any child development contracts.

Income taxes – CCRC has been designated as tax-exempt under Internal Revenue Code Section 501(c)(3) and is also exempt from state franchise taxes under Section 23701(d) of the California Revenue and Taxation Code and is not generally subject to federal or state income taxes. CCRC files an exempt organization return in the U.S. federal jurisdiction and the State of California.

However, CCRC is subject to income taxes on any net income that is derived from a trade or business, regularly carried on, and not in furtherance of the purposes for which it was granted exemption. No income tax provision has been recorded as the net income, if any, from any unrelated trade or business and, in the opinion of management, is not material to the financial statements. CCRC has determined no uncertain tax benefits or liabilities exist at June 30, 2023 and 2022.

Use of estimates – The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Advertising expenses – All advertising costs are expensed by CCRC as they are incurred.

Reclassifications – Certain amounts from prior year have been reclassified to conform to the current year's presentation. These classifications do not have a material impact on the financial statements.

Recent accounting pronouncements – In June 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-13, *Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. The current expected credit loss (CECL) standard changes the way organizations evaluate impairment of financial assets and replaces the long-standing incurred loss model used in calculating credit losses with the CECL model. The CECL model requires all financial assets measured at amortized cost basis to be presented at the net amount expected to be collected. While the CECL standard particularly impacts financial institutions, other organizations that hold cash equivalents, trade receivables, contract assets, lease receivables, loan commitments, financial guarantees, and debt securities are also subject to the new guidance. The amendments should be applied retrospectively and are effective for annual reporting periods beginning after December 15, 2022. Early adoption is permitted. Management is evaluating the effect that this guidance will have on the financial statements and related disclosures.

Note 3 – Concentration of Credit Risk

Financial instruments that potentially subject CCRC to concentrations of credit risk consist of cash and cash equivalents, cash held in reserve, government contracts receivable, other receivables, and investments. Although cash and cash equivalent balances may from time to time exceed federally insured limits, management believes CCRC is not exposed to any significant credit risk with respect to those deposits. Management believes that CCRC is not exposed to any significant credit risk on government contract and other receivables based on the creditworthiness of the counterparties. Investments are exposed to various risk factors such as market and credit risks. Although the investment value may from time to time change based on the performance of the investments, management believes CCRC is not exposed to any significant credit risk with respect to these investments.

Both governmental and private pay sources have instituted cost-containment measures designed to limit payments made to providers of child care services, and there can be no assurance that future measures designed to limit payments made to providers will not adversely affect reimbursement to CCRC. Furthermore, government reimbursement programs are subject to statutory and regulatory changes, retroactive rate adjustments, administrative rulings, and government funding restrictions, all of which could materially decrease the services covered or the rates paid to CCRC for its services.

A majority of CCRC's annual funding, $488,586,775 or 99.8% and $398,117,065 or 99.8% in 2023 and 2022, respectively, of total revenue and support without donor restriction is derived from grant agreements and contracts for fees for services collected from federal and nonfederal agencies and family fees associated with those contracts. CCRC has no reason to believe that relationships with these agencies will be discontinued in the foreseeable future. However, any interruption of these relationships (e.g., the failure to renew grant agreements, withholding of funds, or significant decreases to funding) would adversely affect CCRC's ability to finance its ongoing operations.

Note 4 – Government Contracts Receivable

Government contracts receivable at June 30, 2023 and 2022, are as follows:

	2023	2022
California Department of Education	$ 259,545	$ 847,665
California Department of Health & Human Services	384,985	477,453
California Department of Social Services	16,592,247	10,253,416
Child Care Alliance of Los Angeles	2,304,169	2,018,503
County of Los Angeles DPSS – CalWORKs Stage I	407,188	3,668,089
Department of Health and Human Services – Administration for Children & Families	2,333,313	6,543,970
Los Angeles County – Children and Families First Proposition 10 Commission (First 5 LA)	791,878	407,720
Los Angeles County – Department of Public Health	264,009	152,909
San Bernardino County – Children and Families Commission (First 5 SB)	485,293	485,025
San Bernardino County – Preschool Service Department – Early Head Start – Child Care Partnership	961,105	904,484
San Bernardino County – Superintendent of Schools	141,860	191,461
San Bernardino County – Children and Family Services	931,411	806,967
Other government funding sources	337,031	262,938
Total	$ 26,194,034	$ 27,020,600

Government contracts receivable are all due within one year.

Note 5 – Investments

The fair value of investments by major class is as follows at June 30, 2023 and 2022:

	2023	2022
Cash and cash equivalents	$ 131,903	$ 185,512
Fixed income		
Corporate bonds and bond funds	4,924,701	3,102,443
Medium-term notes	1,505,706	1,549,225
Equity securities		
International common stock	379,845	840,279
Domestic common stock	7,986,604	7,688,337
Private equity funds	2,952,976	2,806,677
Real estate funds	455,260	1,004,166
Total	$ 18,336,995	$ 17,176,639

Cash and cash equivalents included in investments consist primarily of money market accounts that are temporarily held until reinvested.

Note 6 – Property and Equipment

Property and equipment at June 30, 2023 and 2022, are as follows:

	2023	2022
Leasehold improvements	$ 11,473,679	$ 6,211,382
Building improvements	1,814,187	1,521,385
Computer equipment and software	5,777,092	5,472,292
Office equipment	8,596,934	8,513,378
Furniture and fixtures	2,381,650	2,345,788
Vehicles	1,475,777	1,475,777
Building	13,850,000	5,350,000
	45,369,319	30,890,002
Less: accumulated depreciation and amortization	(22,280,267)	(19,794,283)
Depreciable property and equipment, net	23,089,052	11,095,719
Work in progress	8,838,368	-
Construction in progress	-	2,654,351
Land	12,350,000	600,000
Total property and equipment, net	$ 44,277,420	$ 14,350,070

Depreciation and amortization expense for the years ended June 30, 2023 and 2022, amounted to $2,485,984 and $2,134,508, respectively.

Note 7 – Contract Liability

On July 25, 2022, CCRC entered into a contract liability with a third-party in the amount of $8,838,372 to finance licensing and use of hosted software for seven years, see Note 2. The service fee for the first year is $1,195,573 and for year two onwards the service fee includes an annual capped innovation fee of 2%. During the initial term of seven years increases due to Consumer Price Index are waived. The contract liability matures on July 24, 2029, and requires annual payments of $1,262,624 commencing July 25, 2022. As of June 30, 2023, contract liability balance was $7,575,744.

Scheduled payments on the contract liability for the future years are as follows:

Years Ending June 30,	
2024	$ 1,262,624
2025	1,262,624
2026	1,262,624
2027	1,262,624
2028	1,262,624
Thereafter	1,262,624
Total	$ 7,575,744

Note 8 – Debt

Lines of credit – CCRC has a revolving line of credit with Pacific Premier Bank with a maximum borrowing allowed of $15,000,000 with a maturity date of January 15, 2024. In December of 2022, CCRC signed an amended agreement to increase the line of credit to a maximum borrowing rate of $45,000,000 on a temporary basis through August 31, 2023, due to the anticipated levels of funds needed for operations should advances on contracts with the state during this time frame not be received during this time frame. Subsequent to August 31, 2023, the borrowing reverted back to $15,000,000. Borrowings bare an interest rate equal to the Wall Street Journal prime rate computed based on a 365/360 basis. The effective interest rate at June 30, 2023 and 2022, was 7.75% and 2.75% per annum, respectively. Collateral used to secure the line of credit does not include any property acquired or improved with federal funds from the DHHS – ACF for the benefit of the Head Start Program. CCRC is required to maintain a quick ratio of 1.100 to 1.000. At June 30, 2023 and 2022, there were no outstanding balances on the line of credit from Pacific Premier Bank.

In 2022, CCRC entered into a line of credit agreement with US Bank with a maximum borrowing allowed of $5,000,000 payable on demand. The line of credit is secured by investments maintained under a security account control agreement with US Bank and bears interest equal to the prime rate (8.25% at June 30, 2023) minus 1.75%. The effective interest rate at June 30, 2023, was 6.5% per annum. At June 30, 2023, there was an outstanding balance of $2,655,352 on the line of credit from US Bank.

Mortgage loans – On August 15, 2017, CCRC entered into a tax-exempt mortgage loan payable with Pacific Premier Bank as issued by the California Enterprise Development Authority (CEDA) in the amount of $5,355,000 to acquire land and a building located in Palmdale, California. Monthly principal and interest payments of $38,422 began October 1, 2017, and were originally scheduled to continue through September 1, 2032. During the year ended June 30, 2019, CCRC made a principal payment of $594,485 that modified the payment period to end on September 30, 2030. The mortgage loan payable bears a fixed annual interest rate equal to 3.5% from October 1, 2017 to August 31, 2027, and will be adjusted thereafter based on the five-year treasury maturity rate as set by the Federal Reserve Bank plus 2.5% from September 1, 2027 to September 1, 2030. CCRC is also subject to various affirmative and negative covenants. The loan is secured by the acquired property. At June 30, 2023 and 2022, balance on the tax-exempt mortgage loan was $2,929,609 and $3,279,924, respectively.

In July, 2022, CCRC obtained a loan from Pacific Premier Bank in the amount of $17,212,500. The loan bears annual interest of 4.50% and matures on July 1, 2037. The loan is secured by real property and CCRC is required to maintain a minimum amount of liquidity of no less than $5,000,000 to be measured quarterly for the first 36 months of the loan term and to maintain a ratio of business debt coverage in excess of 1.250 to 1.000 to be evaluated as of year-end. At June 30, 2023, the loan balance was $16,453,144.

Scheduled payments of principal on the mortgage loans for the future years are as follows:

Years Ending June 30,	
2024	$ 1,214,848
2025	1,273,006
2026	1,343,116
2027	1,382,755
2028	1,441,290
Thereafter	12,727,738
Total	$ 19,382,753

Note 9 – Fair Value Measurement of Investments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The following three levels of inputs that may be used to measure fair value:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs which are supported by little or no market activity.

CCRC invests in various investment securities. Investment securities are exposed to various risk factors such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value of investment securities will occur in the near term and that such changes could materially affect investment balances and the amounts reported in the statements of financial position.

The following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying statements of financial position as of June 30, 2023 and 2022, as well as the general classification of such instruments pursuant to the valuation hierarchy.

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include cash and cash equivalents, certain fixed-income funds, certain equity securities, and certain real estate funds. Level 2 securities include medium-term notes and certain fixed-income funds. There were no Level 3 securities held by CCRC. Private equity funds and certain real estate funds are measured using net asset value (NAV) per share as a practical expedient.

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period. There were no transfers between levels for the years ended June 30, 2023 and 2022.

The following table presents the fair value measurements of assets recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the fair value hierarchy in which the fair value measurements fall at June 30, 2023 and 2022:

	2023				
	Level 1	Level 2	Level 3	Assets Measured Using NAV	Total
Cash and cash equivalents	$ 131,903	$ -	$ -	$ -	$ 131,903
Fixed-income					
Corporate bonds and bond funds	4,548,819	375,882	-	-	4,924,701
Medium-term notes	-	1,505,706	-	-	1,505,706
Equity securities					
International common stock	379,845	-	-	-	379,845
Domestic common stock	7,986,604	-	-	-	7,986,604
Private equity funds	-	-	-	2,952,976	2,952,976
Real estate funds	280,578	-	-	174,682	455,260
Total	$ 13,327,749	$ 1,881,588	$ -	$ 3,127,658	$ 18,336,995

	2022				
	Level 1	Level 2	Level 3	Assets Measured Using NAV	Total
Cash and cash equivalents	$ 185,512	$ -	$ -	$ -	$ 185,512
Fixed-income					
Corporate bonds and bond funds	2,807,167	295,276	-	-	3,102,443
Medium-term notes	-	1,549,225	-	-	1,549,225
Equity securities					
International common stock	840,279	-	-	-	840,279
Domestic common stock	7,688,337	-	-	-	7,688,337
Private equity funds	-	-	-	2,806,677	2,806,677
Real estate funds	902,011	-	-	102,155	1,004,166
Total	$ 12,423,306	$ 1,844,501	$ -	$ 2,908,832	$ 17,176,639

Private equity funds and certain real estate funds accounted for at NAV, or its equivalent, seek to achieve long-term capital appreciation by investing in a globally diversified portfolio of private equity investments. As of June 30, 2023, there were $819,250 in remaining unfunded commitments associated with these funds that includes an unfunded commitment of approximately $209,750 was locked up for 3 years redeemable 20 business days prior to the tender due date; approximately $109,500 was locked up for 3 years and redeemable quarterly basis with 90 days-notice; and approximately $500,000 of unfunded commitment with a remaining life expected to be 6-8 years, with no early redemption and no notice period.

Note 10 – Grant Revenue

Grant revenue recognized for the years ended June 30, 2023 and 2022, was received from the following sources:

	Years Ended June 30, 2023	Years Ended June 30, 2022
California Department of Education (CDE)		
California State Preschool Program	$ 2,262,206	$ 1,762,218
Other CDE grants (individually $250,000 or less)	91,181	-
California Department of Social Services (CDSS)		
Alternative Payments	153,774,822	100,010,100
American Rescue Plan Act (ARPA)	482,135	-
Blue Shield Domestic Violence	306,042	-
CalWORKs Stage II	52,612,010	53,832,367
CalWORKs Stage III	101,612,339	104,568,245
Family Child Care Home Education Networks	4,180,791	3,444,471
Provider Stipends	30,534,350	-
Resource and Referral	3,009,686	4,667,182
R&R Child Care Initative Expansion SB	122,191	-
WD Child Care Initative Expansion SB	310,309	-
Other grants (individually $250,000 or less)	711,963	573,764
California Family Resource Association (CFRA)	117,702	252,228
California Health & Human Services		
Preschool Development Grant	1,752,502	2,027,994
Child Care Alliance of Los Angeles		
Bridge Program	5,656,999	5,402,706
Quality Start Los Angeles – California State Preschool Program	633,000	509,385
Department of Health and Human Services		
Administration for Children & Families	47,659,008	46,244,905
Department of Public Health Home Visitation	785,001	833,886
Foundation for Community Colleges		
Provider Stipends	6,382,243	21,777,525
Los Angeles County Children and Family First		
Proposition 10 Commission (First 5 LA)	2,179,683	1,972,791
San Bernardino County		
Bridge Program	3,421,883	2,749,073
Children and Families Commission	1,758,640	1,734,533
Preschool Service Department	2,025,078	2,095,048
Superintendent of Schools	531,558	476,450
SEIU Education and Support Fund	1,070,329	-
Unites States Department of Agriculture		
Child and Adult Care Food Program	592,100	589,083
Other grants (individually $250,000 or less)	972,853	988,685
	$ 425,548,604	$ 356,512,639

Note 11 – Retirement Plans

CCRC maintains two contributory retirement plans for its eligible employees. Both are defined contribution pension plans, one under Internal Revenue Code Section 403(b) that is available to all employees with at least one year of employment and 1,000 hours of service and the other under Section 457(b) that is available for executive management employees who maintain a director level title or above for one year or more. CCRC also provides a 403(b) Employer Match of 50% on salary deferrals that do not exceed 7% of compensation. During the years ended June 30, 2023 and 2022, CCRC made discretionary employer contributions to these plans totaling $3,845,526 and $3,453,353, respectively, which are recorded within “employee benefits” in the accompanying statements of functional expenses.

Note 12 – Leases

CCRC has leases primarily for real estate. CCRC leases various equipment and facilities under non-cancelable operating lease agreements expiring at various dates through 2030, and many have certain renewal options and lease payment escalation provisions. For those contracts where renewal options are reasonably certain to be exercised, CCRC recognizes renewal options in the determinations of ROU assets and leases liabilities.

Supplemental statements of financial position information related to leases is as follows as of June 30, 2023:

Operating leases	
Operating lease ROU assets	$ 14,856,300
Current portion of operating lease liabilities	$ 3,043,173
Operating lease liabilities, net of current portion	11,847,884
Total operating lease liabilities	$ 14,891,057

Components of lease expense for the year ended June 30, 2023, are as follows:

Operating lease expense	$ 3,517,268
Short-term lease expense	798,626
Total lease expense	$ 4,315,894

For the year ended June 30, 2023, supplemental cash flow information related to leases was as follows:

Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows used for operating leases (including short-term leases)	$	3,629,616
ROU assets obtained in exchange for lease obligations (non-cash)		
Operating leases	$	18,131,323
Weighted-average remaining lease terms (years)		
Operating leases		7.44
Weighted-average discount rate		
Operating leases		2.94%

The future minimum lease payments as of June 30, 2023, are as follows:

2024	$	3,797,552
2025		3,669,532
2026		2,818,014
2027		2,265,840
2028		812,947
Thereafter		3,620,870
Total lease payments		16,984,755
Less: imputed interest		(2,093,698)
Total lease liability	$	14,891,057

Previous lease guidance disclosures – As prior-year information was not restated for the adoption of Topic 842, total operating lease rental expense under Topic 840, for facilities including common area maintenance charges for the year ended June 30, 2022, was $4,439,810.

Note 13 – Commitments and Contingencies and Subsequent Events

Contingencies – Grant revenue from federal, state, and local agencies is subject to review by funding agencies under the terms of their contracts. The review could result in the disallowance of expenditures under the terms of the grant or reductions of future grant funds. Based on prior experience, management believes that costs ultimately disallowed, if any, would not materially affect the financial position of CCRC.

Legal matters – CCRC is subject to various litigation claims that arise in the ordinary course of business. It is the opinion of management, after consultation with its legal counsel, that the ultimate disposition of these matters will not have a material adverse effect on CCRC's statements of financial position and that no accruals for any matters are necessary at June 30, 2023 and 2022.

Note 14 – Liquidity and Availability

The following table reflects CCRC's financial assets as of June 30, 2023 and 2022, reduced by amounts not available for general use because of contractual restrictions within one year of the statements of financial position date:

	2023	2022
Cash and cash equivalents	$ 33,292,539	$ 3,892,598
Cash held in reserve	1,561,417	1,080,306
Government contracts receivable	26,194,034	27,020,600
Investments	15,209,337	14,267,807
Other receivables	217,560	210,400
Total financial assets	76,474,887	46,471,711
Less: cash held in reserve	(1,561,417)	(1,080,306)
Financial assets available to meet cash needs for general expenditures within one year	$ 74,913,470	$ 45,391,405

As part of CCRC's liquidity management plan, CCRC structures its financial assets to be available as obligations come due. Cash is held in interest-bearing and non-interest-bearing bank accounts and is invested in short-term fixed income investments. As discussed in Note 8, CCRC has a committed line of credit that it could draw upon in the event of an unanticipated liquidity need.

Note 15 – Subsequent Events

Subsequent events are events or transactions that occur after the statement of financial position date but before the financial statements are available to be issued. CCRC recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing the financial statements. CCRC does not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position but arose after the statement of financial position date and before the financial statements are available to be issued.

CCRC has evaluated subsequent events through December 14, 2023, which is the date the financial statements were available to be issued.