

LIGHTHOUSE FOR CHILDREN, INC.

REGULAR BOARD MEETING

DATE: Wednesday, April 24, 2024

Lighthouse for Children
2405 Tulare Street
Fresno, CA 93721

TIME: 11:30 a.m. – Regular Meeting

This Regular Meeting will also be broadcasted to the public via Zoom using the following link:

<https://us06web.zoom.us/j/87694342206?pwd=JaDYGyxa7l0G07EgXNPwmlLjhoedCNM.1>

Meeting ID: 876 9434 2206 | **Passcode:** 173201

The public may participate in the meeting, as otherwise permitted under the Brown Act, by joining using the link above.

AGENDA

ITEM	SUBJECT	PRESENTER
1.	CALL TO ORDER	Chair Pacheco
2.	POTENTIAL CONFLICTS OF INTEREST Any Commission Member who has potential conflict of interest may now identify the item and recuse themselves from discussing and voting on the matter.	Chair Pacheco
3. Action Pg. 1	MINUTES FROM JUNE 21, 2023 BOARD MEETING	F. González, E.D.
4. Action Pg. 3	FINANCIAL AUDIT REPORT FOR FISCAL YEAR 2022-2023 Supporting Document	F. González, E.D.
5. Action Pg. 16	FISCAL YEAR 2024-2025 LIGHTHOUSE FOR CHILDREN, INC. PROPOSED OPERATING BUDGET Supporting Document	F. González, E.D.
6.	PUBLIC COMMENT Limit two minutes per speaker. Public Comment is also taken on individual agenda items throughout the meeting at the conclusion of each agenda item.	Chair Pacheco
7.	ADJOURNMENT	Chair Pacheco

NOTE: If you need disability modification(s) and/or other accommodation(s) in order to participate in this meeting, please contact the office at (559) 558-4900 at least 48 hours prior to the start of the meeting. Government Code Section 54954.2(a).

LIGHTHOUSE FOR CHILDREN, INC.

**Board Meeting
April 24, 2024 – 11:30 a.m.**

**2405 Tulare Street
Fresno, CA 93721**

AGENDA ITEM NO.3

RECOMMENDED ACTION:

Approve the June 21, 2023 Lighthouse for Children Board Meeting Minutes.

ACTION SUMMARY MINUTES

June 21, 2023 – 11:30 a.m.

Present: Brian Pacheco (Chair), Stacy Sablan, Susan Holt

Absent: Hugo Morales

Staff: Fabiola González, Ken Price (Legal Counsel)

1. CALL TO ORDER

- 2. POTENTIAL CONFLICTS OF INTEREST:** Any Board Member who has a potential conflict of interest may now identify the item and recuse themselves from discussing and voting on the matter.

None heard.

3. MINUTES FROM JUNE 14, 2022 BOARD MEETING

Public Comment: None heard.

Motion by: Sablan Second by: Holt

Ayes: Holt, Sablan, Pacheco

Noes: None heard.

4. FINANCIAL AUDIT REPORT FOR FISCAL YEAR 2021-2022

Public Comment: None heard.

Motion by: Holt Second by: Sablan

Ayes: Holt, Sablan, Pacheco

Noes: None heard.

5. FISCAL YEAR 2023-2024 LIGHTHOUSE FOR CHILDREN, INC. PROPOSED OPERATING BUDGET

Public Comment: None heard.

Motion by: Sablan Second by: Holt
Ayes: Holt, Sablan, Pacheco
Noes: None heard.

6. PUBLIC COMMENT

Public Comment: None heard.

No action required.

7. ADJOURNMENT

Public Comment: None heard.

Motion by: Sablan Second by: Holt
Ayes: Holt, Sablan, Pacheco
Noes: None heard.

LIGHTHOUSE FOR CHILDREN, INC.

**Board Meeting
April 24, 2024 – 11:30 a.m.**

**2405 Tulare Street
Fresno, CA 93721**

AGENDA ITEM NO.4

TO: Lighthouse for Children Board Members
FROM: Fabiola González, Executive Director
SUBJECT: Financial Audit Report for Fiscal Year 2022-2023

RECOMMENDED ACTION:

Accept the Lighthouse for Children, Inc. Financial Audit Report for Fiscal Year 2022-2023.

BACKGROUND:

Lighthouse for Children, Inc. (LFC) is a California Nonprofit Public Benefit Corporation and is considered a component unit of the Children and Families Commission of Fresno County. Being so, the LFC is included in the Commission's Annual Financial Report as a blended component unit. In conjunction with the requirements of Children and Families Commission of Fresno County, the Lighthouse for Children, Inc. 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.

Contracted auditing firm, Price, Paige & Company, conducted an audit to obtain reasonable assurance about whether the financial statements are in accordance with required accounting principles and to ensure they are free from material misstatement.

Upon completion of the Financial Audit Report, the auditing firm has assured the Lighthouse for Children, Inc. financial statements for Fiscal Year 2022-2023 are in accordance with accounting principles. The Financial Audit Report is attached.

CONCLUSION:

Acceptance by the Board will deem the Lighthouse for Children, Inc.'s Financial Audit Report as final and all final statements within the Report will be utilized in future financial reporting.

LIGHTHOUSE FOR CHILDREN, INC.
FRESNO, CALIFORNIA

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
JUNE 30, 2023**

LIGHTHOUSE FOR CHILDREN, INC.
FRESNO, CALIFORNIA

FINANCIAL STATEMENTS
JUNE 30, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Lighthouse for Children, Inc.
Fresno, California

Opinion

We have audited the accompanying financial statements of Lighthouse for Children, Inc. (the Organization), a nonprofit organization, which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

570 N. Magnolia Avenue, Suite 100
Clovis, CA 93611

tel 559.299.9540
fax 559.299.2344

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

Price Pange & Company

Clovis, California
October 16, 2023

LIGHTHOUSE FOR CHILDREN, INC.
FRESNO, CALIFORNIA

STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023

ASSETS

Current assets:

Cash and cash equivalents	\$ 57,507
Total current assets	<u>57,507</u>

Total assets	<u>\$ 57,507</u>
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LIABILITIES AND NET ASSETS

Current liabilities:

Total current liabilities	<u>\$ -</u>
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Net assets without donor restrictions	<u>57,507</u>
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Total net assets	<u>57,507</u>
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Total liabilities and net assets	<u>\$ 57,507</u>
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LIGHTHOUSE FOR CHILDREN, INC.
FRESNO, CALIFORNIA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues, gains and support:			
Contributions	\$ 20,009	\$ -	\$ 20,009
Total revenues, gains and support before net assets released from restrictions	20,009	-	20,009
Net assets released from restrictions	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues, gains and support after net assets released from restrictions	<u>20,009</u>	<u>-</u>	<u>20,009</u>
Expenses:			
Program services	-	-	-
Management and general	<u>6,420</u>	<u>-</u>	<u>6,420</u>
Total expenses	<u>6,420</u>	<u>-</u>	<u>6,420</u>
Changes in net assets	13,589	-	13,589
Net assets, beginning of year	<u>43,918</u>	<u>-</u>	<u>43,918</u>
Net assets, end of year	<u>\$ 57,507</u>	<u>\$ -</u>	<u>\$ 57,507</u>

LIGHTHOUSE FOR CHILDREN, INC.
FRESNO, CALIFORNIA

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Expenses:			
Insurance and taxes	\$ -	\$ 2,202	\$ 2,202
Legal and professional services	<u>-</u>	<u>4,218</u>	<u>4,218</u>
Total expenses	<u>\$ -</u>	<u>\$ 6,420</u>	<u>\$ 6,420</u>

LIGHTHOUSE FOR CHILDREN, INC.
FRESNO, CALIFORNIA

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

Cash flows from operating activities	
Change in net assets	\$ 13,589
Increase (decrease) in liabilities:	
Accounts payable and accrued expenses	<u>(504)</u>
Net cash provided by (used in) operating activities	<u>13,085</u>
Net increase (decrease) in cash and cash equivalents	13,085
Cash and cash equivalents, beginning of year	<u>44,422</u>
Cash and cash equivalents, end of year	<u>\$ 57,507</u>

LIGHTHOUSE FOR CHILDREN, INC.
FRESNO, CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 – ORGANIZATION AND OPERATIONS

Lighthouse for Children, Inc. (the Organization) is a California not-for-profit public benefit corporation and is considered a blended component unit of the Children and Families Commission of Fresno County (the Commission), also known as First 5 Fresno County, and as such is included in the Commission's Annual Financial Report as a blended component unit.

The Organization was created by the Commission as a Qualified Active Low Income Community Business (QALICB) to take advantage of a New Markets Tax Credit (NMTC) financing structure in order to build a facility within a low-income community. The Organization was created as a 501(c)(3) not-for-profit public benefit corporation to act as the QALICB, as the Commission did not qualify to be the QALICB.

The Organization exists for the following specific charitable purposes: to provide a vision and means for Fresno County children to enter school in good health, ready and able to learn, and emotionally well-developed by providing culturally, individually and developmentally appropriate parenting and nurturing support and access to resources regarding healthcare, nutrition and smoking prevention and cessation; to serve as an incubator for knowledge in the community regarding child welfare and development; to generally carry out the goals of the Commission and to develop an infrastructure that promotes the social welfare of Fresno County children and their parents.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

Net assets without donor restriction – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the Board.

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers cash accounts and all highly liquid debt instruments available for current use with an initial maturity of three months or less to be cash and cash equivalents.

In-Kind Contributions

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased, if not provided by donation, are recorded at their fair values in the period received. The Organization did not receive any in-kind donations for the year ended June 30, 2023.

LIGHTHOUSE FOR CHILDREN, INC.
FRESNO, CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets with donor restrictions and net assets released from restriction if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions.

Advertising Costs

Advertising costs, except for costs associated with direct-response advertising, are charged to operations when incurred. The costs of direct-expense advertising are capitalized and amortized over the period during which future benefits are expected to be received. There were no capitalized costs or advertising costs for the year ended June 30, 2023.

Income Tax Status

The Organization is a tax-exempt Organization under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the State of California Corporate Code. The Organization is subject to taxation on any unrelated business income.

Fair Value of Financial Instruments

Financial instruments include cash and cash equivalents, accounts payable and accrued expenses, and interest payable, none of which are held for trading purposes. The fair values of all financial instruments do not differ materially from the aggregate carrying values of the financial instruments recorded in the accompanying statement of financial position. The carrying amounts of these financial instruments approximate fair value because of the short-term maturities of those instruments.

Use of Estimates

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

Concentration of Credit Risk

The Organization maintains cash balances in several financial institutions. Cash balances in interest-bearing transaction accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution. As of June 30, 2023, the Organization's cash balances were fully insured.

Functional Allocation of Expenses

The costs of providing the Organization's various charitable and general services have been summarized on a functional basis in the statement of functional expenses. Accordingly, direct and indirect expenses have been allocated to program services or other activities based on their specific identification or the personnel resources utilized in the function. Supporting services consist primarily of general, administrative and management costs, not directly allocable to program services.

LIGHTHOUSE FOR CHILDREN, INC.
FRESNO, CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 3 – AVAILABILITY AND LIQUIDITY

The following represents the Organization’s financial assets as of June 30, 2023:

Financial assets at year end:	
Cash and cash equivalents	\$ <u>57,507</u>
Total financial assets	57,507
Less amounts not available to be used within one year:	
Net assets with donor restrictions	<u>-</u>
Financial assets available to meet general expenditures over the next twelve months	\$ <u><u>57,507</u></u>

As part of the Lighthouse for Children, Inc.’s liquidity management plan, cash in excess of daily requirements are maintained in cash and cash equivalent accounts for immediate access should those funds be needed. Funds in excess of daily cash requirements may be used to meet unexpected liquidity needs.

NOTE 4 – INCOME TAXES

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state law.

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax positions included the tax-exempt status of the Organization and various positions related to the potential sources of unrelated business taxable income. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for the fiscal year ended June 30, 2023.

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

NOTE 5 – UNCERTAINTY

The Lighthouse for Children Board and the First 5 Fresno County Commission intend to further engage in discussions regarding the future of the non-profit. Subsequent Board meetings will include options, brought forth by management of the Organization, for consideration.

LIGHTHOUSE FOR CHILDREN, INC.
FRESNO, CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 6 – SUBSEQUENT EVENTS

Management has evaluated and concluded that there were no subsequent events that have occurred from June 30, 2023 through the date the financial statements were available to be issued at October 16, 2023, that would require disclosure or adjustment.

LIGHTHOUSE FOR CHILDREN, INC.

**Board Meeting
April 24, 2024 – 11:30 A.M.**

**2405 Tulare Street
Fresno, CA 93721**

AGENDA ITEM NO.5

TO: Lighthouse for Children Board Members
FROM: Fabiola González, Executive Director
SUBJECT: Fiscal Year 2024-2025 Lighthouse for Children, Inc. Proposed Operating Budget

RECOMMENDED ACTION:

Approve the Lighthouse for Children, Inc. Fiscal Year 2024-2025 Proposed Operating Budget.

BACKGROUND:

The purpose of the budget is to implement the resources of the Lighthouse for Children, Inc., (LFC) to support the organization's mission and to allocate operational funds to positively impact Fresno County's young children and their families. The By-laws dictate that the Board is required to meet once a year to set a budget.

Currently, First 5 Fresno County (F5FC) staff monitor expenses and requirements for the non-profit. The change in ownership of the LFC Facility, in March 2021, from the LFC to First 5 Fresno County, has in turn changed the non-profit's utility. Even with the shift in function of the LFC, there is value in having an existing non-profit entity available to benefit young children and families in ways that the First 5 Commission, a public organization, cannot. Given the First 5 Commission is in the process of updating its current strategic plan, staff anticipates new opportunities to leverage the 501c3 status that will directly compliment the sustainability of investments led by the First 5 Commission in the near future.

Key Points of the Proposed Budget:

Revenues & Net Assets

Projected Net Assets at the start of Fiscal Year 2024-2025 are \$61,249. Additional revenue sources for the non-profit are yet to be discovered and donations from the public are difficult to estimate as the donation amounts fluctuate from year to year.

Expenses

Overall, budgeted expenses have decreased slightly when compared to the previous fiscal year budget.

- Professional Services Expense
 - *Auditing & Return Preparation Services:* LFC, Inc. will continue to contract Price Paige & Company (PPC) for the preparation and completion of the audited financial statements and the Form 990. An audit must be performed annually due to LFC, Inc. being a blended component unit of F5FC. Additionally, the state of CA requires all nonprofit organizations to submit a Form 990.

CONCLUSION:

The 2024-2025 Proposed Budget provides an updated financial framework for the LFC to make acceptable and allowable financial decisions to be implemented beginning July 1, 2024.



FY 2024-2025 PROPOSED BUDGET

**2405 Tulare St.
Fresno, CA 93721**

(559) 558-4900

LIGHTHOUSE FOR CHILDREN, INC.

FY2024-2025 PROPOSED BUDGET SUMMARY

Revenue & Net Assets	FY 2024-2025 Proposed Budget
Projected Net Assets as of 6/30/2024	\$ 61,249
Annual Rent Income	\$ -
Donations	-
Other Revenue	-
Total Revenue	\$ -
Total Revenue & Net Assets	\$ 61,249
Expenses	
Insurance & Taxes Expense	
Insurance Expense	\$ 540
Taxes Expense	\$30
Insurance & Taxes Expense Sub-total	\$ 570
Professional Services Expense	
Legal Services	\$ 338
Auditing Services	4,100
Informational Return Preparation (990)	1,757
Professional Services Expense Sub-total	\$ 6,194
Total Expenses	\$ 6,764
Net Income (Loss)	\$ (6,764)
Projected Net Assets, End of Fiscal Year	\$ 54,484

DETAIL BUDGET LINE ITEMS COST ANALYSIS AND JUSTIFICATION

Insurance & Taxes Expense		FY 2024-2025 Proposed Budget
		\$ 570
<p>The Lighthouse for Children, Inc. (LFC), is required to carry insurance for Directors and Officers policy (D&O) insurance. The following insurance quotation was received from the LFC's insurance broker.</p> <p>The State of California mandates nonprofit organizations submit their revenues and expenses on an annual basis along with a submission fee.</p>		
Insurance Expenses	FY 2024 - 2025	
D&O Annual Premium	\$ 540	\$ 540
		Insurance Sub-total \$ 540
Tax Expenses		
CA Charity Registration Fees	\$ 30	\$ 30
		Tax Sub-total \$ 30
		Insurance & Taxes Total \$ 570

Professional Services Expense		FY 2024-2025 Proposed Budget
		\$ 6,194
<p>The Lighthouse for Children, Inc. (LFC) contracts with outside professional firms for legal, auditing, and tax preparation services.</p>		
Items		
Legal Services 1.5 hours @ \$225/hour		\$ 338
Auditing Services		4,100
990 Form Preparation Fee		1,757
		Professional Services Total \$ 6,194