

**INDEPENDENT ACCOUNTANTS' REVIEW REPORT**

To Management  
KIDS' CHANCE OF CALIFORNIA  
Sacramento, California

We have reviewed the accompanying financial statements of KIDS' CHANCE OF CALIFORNIA (a nonprofit organization), which comprise the statement of assets, liabilities and net assets – tax basis as of December 31, 2023, and the related statements of revenues, expenses, and changes in net assets and cash flows – tax basis for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

*Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the tax basis of accounting; this includes determining that the tax basis of accounting is an acceptable basis for the preparation of financial statements in the circumstances. Management is also responsible 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.

*Accountants' Responsibility*

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the tax basis of accounting. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of KIDS' CHANCE OF CALIFORNIA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

*Accountants' Conclusion*

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with the tax basis of accounting.

*Basis of Accounting*

The financial statements are prepared in accordance with the tax basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our conclusion is not modified with respect to this matter.

*Supplementary Information*

The supplementary information included in Schedules I and II is presented for purposes of additional analysis and is not a required part of the basic 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 supplementary information has been subjected to the review procedures applied in our review of the basic financial statements. We are not aware of any material modifications that should be made to the supplementary information. We have not audited the supplementary information and do not express an opinion on such information.

WAHL, WILLEMSE & WILSON, LLP  
Certified Public Accountants  
Turlock, California

*Wahl, Willemse & Wilson, LLP*

August 1, 2024

KIDS' CHANCE OF CALIFORNIA  
STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS  
TAX BASIS  
DECEMBER 31, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>CURRENT ASSETS</b>			
Checking - Bank of America	\$ 40,858	\$ 25,000	\$ 65,858
Savings - Bank of America	244,187	0	244,187
Flipcause	2,240	10,100	12,340
	<u>287,285</u>	<u>35,100</u>	<u>322,385</u>
Total Current Assets			
	<u>287,285</u>	<u>35,100</u>	<u>322,385</u>
<b>TOTAL ASSETS</b>	<u>\$ 287,285</u>	<u>\$ 35,100</u>	<u>\$ 322,385</u>
<b>LIABILITIES AND NET ASSETS</b>			
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Total Current Liabilities	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>LONG-TERM DEBT</b>			
Total Long-Term Debt	<u>0</u>	<u>0</u>	<u>0</u>
<b>TOTAL LIABILITIES</b>	<u>0</u>	<u>0</u>	<u>0</u>
<b>NET ASSETS</b>			
Without donor restrictions	287,285	0	287,285
With donor restrictions	0	35,100	35,100
	<u>287,285</u>	<u>35,100</u>	<u>322,385</u>
<b>TOTAL NET ASSETS</b>	<u>287,285</u>	<u>35,100</u>	<u>322,385</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 287,285</u>	<u>\$ 35,100</u>	<u>\$ 322,385</u>

SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT  
AND ACCOMPANYING NOTES

KIDS' CHANCE OF CALIFORNIA  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
TAX BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUE</b>			
Donations	\$ 113,742	\$ 35,100	\$ 148,842
Interest	24	0	24
Miscellaneous income	17,373	0	17,373
Raffle sales	225	0	225
Registration fees	2,721	0	2,721
Silent auction	6,060	0	6,060
Sponsorships	<u>231,300</u>	<u>0</u>	<u>231,300</u>
Total Revenue	371,446	35,100	406,546
<b>EXPENSES</b>			
<b>Program Services</b>			
Scholarships	<u>408,002</u>	<u>0</u>	<u>408,002</u>
Total Program Services	408,002	0	408,002
<b>Supporting Services</b>			
Bank charges	2,140	0	2,140
Dues and subscriptions	2,296	0	2,296
Events	11,695	0	11,695
Insurance	1,440	0	1,440
Legal and professional	73,677	0	73,677
National conference	716	0	716
Office	1,900	0	1,900
Postage	233	0	233
Printing	67	0	67
Promotional	567	0	567
Storage	86	0	86
Supplies	363	0	363
Taxes and licenses	100	0	100
Telephone	474	0	474
Travel	1,002	0	1,002
Website	<u>1,076</u>	<u>0</u>	<u>1,076</u>
Total Supporting Services	<u>97,834</u>	<u>0</u>	<u>97,834</u>
Total Expenses	<u>505,836</u>	<u>0</u>	<u>505,836</u>
<b>INCREASE (DECREASE) IN NET ASSETS BEFORE DEPRECIATION</b>			
	(134,390)	35,100	(99,290)
Depreciation expense	<u>0</u>	<u>0</u>	<u>0</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>			
	(134,390)	35,100	(99,290)
<b>NET ASSETS AT BEGINNING OF YEAR</b>			
	<u>421,675</u>	<u>0</u>	<u>421,675</u>
<b>NET ASSETS AT END OF YEAR</b>			
	<u>\$ 287,285</u>	<u>\$ 35,100</u>	<u>\$ 322,385</u>

SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT  
AND ACCOMPANYING NOTES

KIDS' CHANCE OF CALIFORNIA  
STATEMENT OF CASH FLOWS  
TAX BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES

INCREASE (DECREASE) IN NET ASSETS	\$	(99,290)
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Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:

(Increase) decrease in current assets:

Prepaid expenses	\$	0
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Total adjustments		<u>0</u>
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Net cash from (used by) operating activities		(99,290)
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CASH FLOWS FROM INVESTING ACTIVITIES

Net cash from (used by) investing activities		0
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CASH FLOWS FROM FINANCING ACTIVITIES

Net cash from (used by) financing activities		<u>0</u>
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NET INCREASE (DECREASE) IN CASH		(99,290)
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CASH AT BEGINNING OF YEAR		<u>421,675</u>
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CASH AT END OF YEAR	\$	<u><u>322,385</u></u>
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SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT  
AND ACCOMPANYING NOTES

KIDS' CHANCE OF CALIFORNIA  
 COMPARATIVE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
 WITHOUT DONOR RESTRICTIONS - TAX BASIS  
 SUPPLEMENTARY INFORMATION - SCHEDULE I  
 FOR THE YEARS ENDED

	<u>12/31/2023</u>	<u>12/31/2022</u>	Increase <u>(Decrease)</u>
REVENUE			
Donations	\$ 148,842	\$ 132,441	\$ 16,401
Grant income	0	5,000	(5,000)
Interest	24	24	0
Miscellaneous income	17,373	0	17,373
Raffle sales	225	8,450	(8,225)
Registration fees	2,721	0	2,721
Silent auction	6,060	0	6,060
Sponsorships	<u>231,300</u>	<u>288,089</u>	<u>(56,789)</u>
Total Revenue	406,546	434,004	(27,459)
EXPENSES			
Program Services			
Scholarships	<u>408,002</u>	<u>205,691</u>	<u>202,311</u>
Total Program Services	408,002	205,691	202,311
Support Services			
Bank charges	2,140	1,753	387
Dues and subscriptions	2,296	2,112	184
Events	11,695	14,008	(2,313)
Insurance	1,440	1,250	190
Legal and professional	73,677	61,820	11,857
National conference	716	457	259
Office	1,900	335	1,565
Postage	233	345	(112)
Printing	67	52	15
Promotional	567	12,132	(11,565)
Storage	86	0	86
Supplies	363	361	2
Taxes and licenses	100	160	(60)
Telephone	474	402	72
Travel	1,002	4	998
Website	<u>1,076</u>	<u>1,914</u>	<u>(838)</u>
Total Support Services	<u>97,834</u>	<u>97,104</u>	<u>730</u>
Total Expenses	<u>505,836</u>	<u>302,795</u>	<u>203,041</u>
INCREASE (DECREASE) IN NET ASSETS BEFORE DEPRECIATION	(99,290)	131,209	(230,499)
Depreciation expense	<u>0</u>	<u>0</u>	<u>0</u>
INCREASE (DECREASE) IN NET ASSETS	(99,290)	131,209	(230,499)
NET ASSETS AT BEGINNING OF YEAR	<u>421,675</u>	<u>290,466</u>	<u>131,209</u>
NET ASSETS AT END OF YEAR	<u>\$ 322,385</u>	<u>\$ 421,675</u>	<u>\$ (99,290)</u>

SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT  
 AND ACCOMPANYING NOTES

KIDS' CHANCE OF CALIFORNIA  
LIQUIDITY  
SUPPLEMENTARY INFORMATION - SCHEDULE II  
DECEMBER 31, 2023

Kid's Chance of California's financial assets due within one year of the statement of assets, liabilities and net assets date for general expenditures are as follows:

Checking - Bank of America	\$	65,858
Savings - Bank of America		244,187
Flipcause		12,340
	\$	<u>322,385</u>

SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT  
AND ACCOMPANYING NOTES

KIDS' CHANCE OF CALIFORNIA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the Kids' Chance of California (a non-profit Organization) ("the Organization") is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management who is responsible for their integrity and objectivity.

Organizational Activity

Kids' Chance of California (a non-profit Organization) was formed in 2012 to provide need-based scholarships to the children of injured workers in California. Revenue is generated principally from sponsorships and donations.

Method of Accounting

The accounting records are maintained, and these statements are presented, on the income tax basis of accounting. Consequently, certain revenues are recognized when received and certain expenses when paid. It differs from accounting principles generally accepted in the United States of America primarily because the Organization does not recognize assets and liabilities when earned or incurred and their related effects on revenues and expenses.

Basis of Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on the use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

KIDS' CHANCE OF CALIFORNIA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

The Organization's unspent contributions are reported in net assets with donor restrictions if the donor limited their use, as are promised contributions that are not yet due.

All donor-restricted support is reported as an increase in net assets with donor restrictions. 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 reported in the statement of activities as net assets released from restrictions.

Statement of Cash Flows

The statement of cash flows is presented using the indirect method, which accounts for the difference between the change in net assets and cash flows.

The Organization considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

Income Taxes

The Organization qualifies for tax-exempt status under Section 501(c)(3) of the Internal Revenue Code as a not-for-profit corporation. The Organization utilizes the cash method of accounting for tax purposes. The Organization has also been classified as an entity that is not a private foundation within the meaning of Section 509(a).

The Organization believes that its income tax filing positions will be sustained upon examination, and accordingly, has not recorded any reserves or related accruals for interest and penalties at December 31, 2023 for uncertain tax positions. It is the Organization's policy to record interest and related penalties in the statement of revenues, expenses, and changes in net assets should they be required to be recognized in the future.

The Organization files income tax returns in the U.S. federal jurisdiction and the California state jurisdiction. The Organization is no longer subject to U.S. federal examinations by tax authorities for tax years before 2021. The company is no longer subject to California state examinations by tax authorities for tax years before 2020.

KIDS' CHANCE OF CALIFORNIA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The Organization uses estimates and assumptions in preparing financial statements in accordance with tax basis of accounting. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that management uses.

Advertising

Advertising is expensed when paid. Advertising costs for the year ended December 31, 2023 were \$567.39.

Functional Allocation of Expenses

The costs of providing program services and supporting services have been summarized on a functional basis in the statement of activities. Supporting services include management and general expenses that are not directly identifiable with any specific function or program but provide for the overall support and direction of the Organization. Accordingly, certain costs have been allocated among the program and supporting services benefited based on the purpose of the specific activity.

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

NOTE B – NET ASSETS WITH DONOR RESTRICTIONS

Net assets are released from donor restrictions by incurring expenses satisfying the purpose restrictions specifically by the donor.

NOTE C – DONATED SERVICES

No amounts have been reflected in the financial statements for donated services in as much as no objective basis is available to measure the value of such services. The Organization generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist in the Organization's program and support services.

KIDS' CHANCE OF CALIFORNIA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023

NOTE C – DONATED SERVICES (CONTINUED)

The Organization's policy related to donated assets is to utilize the assets given to carry out the mission of the Organization. If an asset is provided to does not allow the Organization to utilize it in its normal course of business, the asset will be sold at its fair market value as determined by appraisal or specialist depending on the type of asset.

NOTE D – MANAGEMENT AND ADMINISTRATIVE SERVICES AGREEMENT

The Organization has an agreement effective September 1, 2022, with Smith Moore & Associates, to provide management and administrative services to the Organization for \$4,400.00 per month. The management fee consists of payments to Smith Moore & Associates to perform services as defined in the agreement. The management fee paid to Smith Moore & Associates during the year ended December 31, 2023 was \$52,800.00 and is included in legal and professional expense in the statement of revenues, expenses and changes in net assets.

Not included in the management fee, but billed separately, are charges for services such as postage, printing, office supplies, long distance telephone, fax usage, travel, out-of-pocket expenses and outside professional services.

Either party has the right to terminate the agreement if performance deficiencies have not been corrected within 15 days of written notice. Termination by either party requires 90-day written notice

NOTE E – CONCENTRATION OF CREDIT RISK – CASH

The Organization maintains checking and investment accounts with Bank of America and Flipcause. The Federal Deposit Insurance Corporation (FDIC) guarantees accounts up to \$250,000.00. A summary of the total insured and uninsured cash follows:

Total cash held by Bank of America per bank statements	\$ 384,014.00
Total cash held by Flipcause per bank statement	12,340.29
Portion insured by FDIC – Bank of America	(250,000.00)
Portion insured by FDIC – Flipcause	<u>(12,340.29)</u>
Uninsured Cash	<u>\$ 134,014.00</u>

NOTE F – DATE OF MANAGEMENT'S REVIEW

Management has evaluated subsequent events through August 1, 2024, the date on which the financial statements were available to be issued.