PARA LOS NIÑOS

FINANCIAL REPORTS

YEAR ENDED JUNE 30, 2025

PARA LOS NIÑOS

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Para Los Niños

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Para Los Niños, which comprise the statement of financial position as of June 30, 2025, 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 accompanying financial statements referred to above present fairly, in all material respects, the financial position of Para Los Niños as of June 30, 2025, 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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 Para Los Niños 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 these 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 Para Los Niños' ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

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To the Board of Directors
Para Los Niños

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 and *Government 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.

In performing an audit in accordance with GAAS and *Government 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 Para Los Niños' 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 Para Los Niños' 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.

Report on Summarized Comparative Information
We have previously audited Para Los Niños' June 30, 2024, financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 13, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent in all material respects, with the audited financial statements from which it has been derived.

To the Board of Directors
Para Los Niños

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2025, on our consideration of Para Los Niños' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Para Los Niños' internal control over financial reporting and compliance.

Green Hasson & Janks LLP

December 10, 2025
Los Angeles, California

PARA LOS NIÑOS

STATEMENT OF FINANCIAL POSITION
June 30, 2025
With Summarized Totals at June 30, 2024

	2025 Total	2024 Total
ASSETS		
Cash and Cash Equivalents	$ 3,796,925	$ 7,208,435
Investments	2,880,240	2,427,079
Grants and Contracts Receivable	9,725,171	9,861,868
Pledges Receivable	53,285	162,261
Prepaid Expenses and Other Assets	322,550	355,985
Beneficial Interest in Perpetual Trust	280,904	284,144
Right-of-Use-Assets - Operating Leases	7,234,858	8,619,265
Property and Equipment (Net)	9,850,421	9,888,910
TOTAL ASSETS	$ 34,144,354	$ 38,807,947
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts Payable	$ 3,088,095	$ 1,912,669
Accrued Liabilities	3,444,232	3,118,334
Contract Advances	2,430,652	5,703,013
Lease Liability - Operating Leases	7,483,974	8,760,704
Note Payable	2,701,573	2,780,266
TOTAL LIABILITIES	19,148,526	22,274,986
NET ASSETS:		
Without Donor Restrictions	10,966,330	12,722,853
With Donor Restrictions	4,029,498	3,810,108
TOTAL NET ASSETS	14,995,828	16,532,961
TOTAL LIABILITIES AND NET ASSETS	$ 34,144,354	$ 38,807,947

PARA LOS NIÑOS

STATEMENT OF ACTIVITIES
Year Ended June 30, 2025
With Summarized Totals for the Year Ended June 30, 2024

	2025			
	Without Donor Restrictions	With Donor Restrictions	Total	2024 Total
REVENUE AND SUPPORT:				
Government Grants and Contracts	$ 47,188,597	$ 529,909	$ 47,718,506	$ 50,769,974
Contributions	6,490,209	247,489	6,737,698	5,089,694
Other Income	1,174,233	-	1,174,233	678,828
Change in Value of Beneficial Interest in Perpetual Trust	-	(3,239)	(3,239)	6,184
Net Assets Release from Donor Restrictions	554,769	(554,769)	-	-
TOTAL REVENUE AND SUPPORT	55,407,808	219,390	55,627,198	56,544,680
EXPENSES				
Program Services	47,084,320	-	47,084,320	47,091,992
General and Administrative	7,966,271	-	7,966,271	7,303,584
Fundraising	2,113,740	-	2,113,740	1,572,017
TOTAL EXPENSES	57,164,331	-	57,164,331	55,967,593
CHANGE IN NET ASSETS	(1,756,523)	219,390	(1,537,133)	577,087
Net Assets - Beginning of Year	12,722,853	3,810,108	16,532,961	15,955,874
NET ASSETS - END OF YEAR	$ 10,966,330	$ 4,029,498	$ 14,995,828	$ 16,532,961

The Accompanying Notes are an Integral Part of These Financial Statements

PARA LOS NIÑOS

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2025
With Summarized Totals for the Year Ended June 30, 2024

	Program Services							Support Services				
	Charter Schools	Early Education	Clinical Services	Best Start	Family Services	Youth Workforce	Total	General and Administrative	Development	Total	2025 Total	2024 Total
Salaries	$ 8,287,177	$ 7,061,412	$ 5,201,261	$ 1,059,838	$ 1,832,301	$ 1,623,842	$ 25,065,831	$ 4,450,871	$ 1,116,990	$ 5,567,861	$ 30,633,692	$ 30,828,366
Payroll Taxes and Employee Benefits	2,226,772	1,719,933	1,191,412	236,799	413,732	330,518	6,119,166	949,362	195,972	1,145,334	7,264,500	7,156,573
TOTAL PERSONNEL COST	10,513,949	8,781,345	6,392,673	1,296,637	2,246,033	1,954,360	31,184,997	5,400,233	1,312,962	6,713,195	37,898,192	37,984,939
Occupancy	1,503,884	1,364,288	244,527	159,412	245,282	169,722	3,687,115	588,346	31,776	620,122	4,307,237	4,774,210
Professional Services	1,343,244	490,219	49,481	433,038	17,772	66,689	2,400,443	1,132,225	243,176	1,375,401	3,775,844	3,837,551
Participant Wages	-	-	-	-	-	2,098,655	2,098,655	-	-	-	2,098,655	1,656,747
Program Supplies	735,936	1,018,455	26,718	241,016	6,259	574	2,028,958	7,725	1,158	8,883	2,037,841	1,115,073
Family Support Funds	296	1,559	122,477	60,043	974,657	201,611	1,360,643	18,989	1,001	19,990	1,380,633	544,869
Food and Kitchen Supplies	656,206	577,387	7,666	27,033	5,167	6,229	1,279,688	43,488	13,511	56,999	1,336,687	1,401,838
Professional Development	129,653	216,962	176,623	151,241	28,047	15,946	718,472	153,101	54,907	208,008	926,480	866,544
Information Technology	227,405	86,488	104,706	71,004	76,860	38,422	604,885	192,151	58,046	250,197	855,082	978,010
Subcontractors and Temporary Labor	-	-	36,400	336,732	230,193	95,165	698,490	72,000	-	72,000	770,490	1,208,175
Insurance	137,556	50,206	57,814	-	20,909	28,720	295,205	49,386	2	49,388	344,593	242,520
Miscellaneous	107,491	2,750	8,585	-	15,752	152	134,730	196,926	337,405	534,331	669,061	485,793
Depreciation	102,263	54,181	69,615		11,757	11,225	249,041	12,715	5,193	17,908	266,949	245,878
Office Supplies	143,511	37,665	2,541	9,480	9,750	-	202,947	47,431	3,137	50,568	253,515	375,080
Advertising and Promotion	20,599	920	459	1,986	73	3,709	27,746	45,066	51,254	96,320	124,066	126,308
Interest	111,681	381	35	-	76	132	112,305	6,489	212	6,701	119,006	124,058
TOTAL 2025 FUNCTIONAL EXPENSES	$ 15,733,674	$ 12,682,806	$ 7,300,320	$ 2,787,622	$ 3,888,587	$ 4,691,311	$ 47,084,320	$ 7,966,271	$ 2,113,740	$ 10,080,011	$ 57,164,331	
							82%	14%	4%		100%	
TOTAL 2024 FUNCTIONAL EXPENSES	$ 18,942,329	$ 11,179,640	$ 6,565,592	$ 3,054,453	$ 3,226,474	$ 4,123,504	$ 47,091,992	$ 7,303,584	$ 1,572,017	$ 8,875,601		$ 55,967,593
							84%	13%	3%			100%

The Accompanying Notes are an Integral Part of These Financial Statements

PARA LOS NIÑOS

STATEMENT OF CASH FLOWS
Year Ended June 30, 2025
With Summarized Totals for the Year Ended June 30, 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	$ (1,537,133)	$ 577,087
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	266,949	245,878
Realized and Unrealized Gain on Investments	(268,566)	(308,470)
Change in Value of Beneficial Interest in Perpetual Trust	3,240	(6,184)
(Increase) Decrease in:		
Grants and Contracts Receivable	136,697	2,089,923
Pledges Receivable	108,976	(13,661)
Prepaid Expenses and Other Assets	33,435	120,165
Right-of-Use-Assets - Operating Leases	1,513,613	1,469,681
Increase (Decrease) in:		
Accounts Payable	1,175,426	(403,747)
Accrued Liabilities	325,898	171,158
Lease Liability - Operating Leases	(1,405,936)	(1,361,161)
Contract Advances	(3,272,361)	(1,475,048)
NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES	(2,919,762)	1,105,621
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Investments	(184,595)	(264,935)
Purchase of Property and Equipment	(228,460)	(214,701)
NET CASH USED IN INVESTING ACTIVITIES	(413,055)	(479,636)
CASH FLOWS USED IN FINANCING ACTIVITIES:		
Principal Payments on Note Payable	(78,693)	(75,135)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(3,411,510)	550,850
Cash and Cash Equivalents - Beginning of Year	7,208,435	6,657,585
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 3,796,925	$ 7,208,435
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Interest Paid	$ 119,006	$ 124,058
SUPPLEMENTAL DISCLOSURE OF NON- CASH FLOW INFORMATION:		
Non-Cash Impact of Modification of Operating Leases under Accounting Standard Update No. 2016-02, *Leases* (Topic 842)		
Increase in Right-of-Use Assets - Operating Leases	$ 129,206	$ 6,008,753
Increase in Lease Liability - Operating Leases	129,206	6,008,753

The Accompanying Notes are an Integral Part of These Financial Statements

NOTE 1 - ORGANIZATION

Para Los Niños' combined direct and indirect services annually benefit more than 10,000 children, youth, and their families in some of the most economically challenged neighborhoods in Los Angeles. Understanding that schools in their traditional forms simply do not address the multitude of needs faced by children who live in conditions of chronic poverty, our programs and services focus on all areas of a child's development. Para Los Niños tends to the "whole child" - the academic, psychological, cultural, and physical - by offering high-quality education combined with easy-to-access family supports, ranging from the provision of food, clothing, and shelter, to crisis level interventions, mental health services, and community engagement opportunities. Each of the following programs coordinates its work to ensure the overall well-being of the child. Services are offered at each of the locations, reducing referrals to other agencies, ensuring follow-up and ongoing care:

- Charter Schools - Para Los Niños operates the Charter Elementary School (TK-5) and Charter Middle School (6-8), providing quality, project-based curriculum to over 700 students in Downtown Los Angeles. Para Los Niños offers after-school and summer programs, along with student and family support services at all its school sites, including designated School Social Workers. Gratts Primary Center closed effectively as of June 30, 2024. All assets remaining after the satisfaction of liabilities and dispositions (or return) have been transferred to Para Los Niños Charter Elementary School as of July 1, 2024.
- Early Education - Para Los Niños provides quality, research-based early childhood education that increases school readiness, preparing up to 450 low-income children (ages six weeks to five years old) for success in kindergarten and beyond at seven early education centers in Downtown LA, Westlake/Pico Union, Cypress Park, East Hollywood, and Burbank.
- Clinical Services, Best Start and Family Services include:
  - Student and Community Services - Para Los Niños is the only children's mental health provider on Skid Row, offering evidence-based mental health services to more than 400 children from low-income families each year. Para Los Niños also assists 1,000 families with in-home counseling, case management, crisis intervention, and basic needs;
  - Community Transformation - Each year, Para Los Niños assists nearly 4,000 families and community residents who are struggling with extreme poverty, homelessness, inadequate health care, substance abuse, and domestic violence. Para Los Niños' Best Start and Project Innovations LA programs aim to help communities heal from trauma by promoting emotional wellness, providing equitable access to resources, and creating capacity through neighborhood leadership groups;
- Youth Workforce Services (YWS) - Para Los Niños prepares over 2,000 youth (ages 14 to 30) annually for success in post-secondary education and the workforce, focusing on drop-out recovery and prevention, college access, and vocational training. Through YWS, youth receive real-world job training including job placement, paid internships, academic and career counseling, mentoring, intense case management, and access to mental health services.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) BASIS OF PRESENTATION

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

(b) NET ASSETS

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

- **Net Assets Without Donor Restrictions**. Net assets available for use in general operations and not subject to donor (or certain grantor) imposed restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve.

- **Net Assets With Donor Restrictions**. Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Para Los Niños has elected to adopt a policy whereby donor-restricted contributions, whose restrictions are met in the same reporting period, are recognized as revenue without donor restrictions.

(c) CASH AND CASH EQUIVALENTS

Para Los Niños has defined cash and cash equivalents as cash in banks and short-term, liquid investments with original maturities of three months or less at the time of purchase. Para Los Niños does not recognize a reserve for expected credit losses related to its money market funds as management has concluded there is no risk of non-payment.

(d) INVESTMENTS

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at fair value. Investment purchases and sales are accounted for on a trade-date basis. Realized gains and losses are calculated based upon the underlying cost of the securities traded. Interest and dividend income is recorded when earned. Gains or losses (including investments bought, sold, and held during the year), and interest and dividend income are reflected in the statement of activities as increases or decreases in net assets without donor restrictions unless their use is restricted by donor stipulations or by law.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) INVESTMENTS (continued)

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Because of the level of risk associated with certain long-term investments, it is reasonably possible that changes in the values of these investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

(e) GRANTS AND CONTRACTS RECEIVABLE AND RELATED REVENUE RECOGNITION

Para Los Niños recognizes revenues from government grants and contracts as either contribution or exchange transaction revenue, depending on whether the transaction is reciprocal or nonreciprocal. The majority of Para Los Niños' revenue is derived from cost reimbursement grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Such grants are generally considered nonreciprocal transactions restricted by the awarding agencies for certain purposes. Amounts received are recognized as revenue when Para Los Niños has satisfied the specific performance requirements or incurred expenditures in compliance with specific contract or grant provisions. Para Los Niños has elected to adopt a policy whereby donor-restricted grants and contracts, that were initially conditional and whose conditions and restrictions are met in the same reporting period, are recognized as revenue without donor restrictions. Amounts received prior to incurring qualifying expenditures or fulfilling the specific performance obligations are reported as contract advances in the statement of financial position.

(f) CONTRIBUTIONS AND PLEDGES RECEIVABLE

Para Los Niños recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest with a value that can be estimated is received. Pledges receivable are discounted to their present value when payments are expected in future periods exceeding one year. These discounts are recorded as reductions to contribution revenue and pledges receivable, and are adjusted annually. Para Los Niños evaluated the collectability of pledges receivable and determined that no allowance for uncollectible pledges receivable was necessary at June 30, 2025. Pledges receivable at June 30, 2025 are expected to be collected in their entirety within one year.

Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met. Intentions to give are not included as support until payments are made or enforceable promises to give are executed. There were no significant conditional promises to give at June 30, 2025.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) BENEFICIAL INTEREST IN PERPETUAL TRUST

A donor has established and funded a charitable trust, which is administered by a third party. Under the terms of the trust, Para Los Niños has the irrevocable right to receive 12.5% of the income earned on the trust assets in perpetuity. Para Los Niños does not control the assets held by the outside trust. Annual distributions from the trust are reported as investment returns and included in other income in the statement of activities. Adjustments to the beneficial interest to reflect changes in the fair value are reflected in the statement of activities as a change in the value of the beneficial interest in perpetual trust. Para Los Niños' beneficial interest in the perpetual trust is $280,904 at June 30, 2025.

(h) CONCENTRATION OF CREDIT RISKS

Para Los Niños maintains its cash and cash equivalents in bank deposit accounts, which, at times, may exceed federally insured limits. Para Los Niños has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on these accounts.

The grants and contracts receivable balance outstanding at June 30, 2025 consists primarily of government contract receivables due from county, state, and federal granting agencies and, as a result, concentration of credit risks with respect to accounts receivable is limited.

Approximately 86% of Para Los Niños' total revenue is derived from governmental agencies. Para Los Niños anticipates that it will continue to run these programs although there can be no assurance that Para Los Niños will be able to obtain future grant agreements upon the expiration of the current term of the contracts.

(i) PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost if purchased or at fair value at the date of donation if donated. Depreciation is computed on the straight-line basis over the estimated useful lives of the related assets as follows:

Buildings and Improvements	10-50 Years
Computer and Office Equipment	3 - 8 Years
Leasehold Improvements	Lease Term
Furniture	5 - 10 Years

Maintenance and repair costs are charged to expense as incurred. Property and equipment are capitalized if the cost of an asset is greater than or equal to $10,000 and the useful life is greater than one year.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) LONG-LIVED ASSETS

Para Los Niños reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the book value of the assets may not be recoverable. An impairment loss is recognized when the sum of the undiscounted future cash flows is less than the carrying amount of the asset, in which case a write-down is recorded to reduce the related asset to its estimated fair value. No impairment losses were recognized on long-lived assets during the year ended June 30, 2025.

(k) LEASES

Para Los Niños recognizes and measures its leases in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 842, *Leases*. Para Los Niños is a lessee in certain operating leases for facilities. Para Los Niños determines if an arrangement is a lease, or contains a lease, at inception of a contract and when the terms of an existing contract are changed. Para Los Niños recognizes a lease liability and a right-of-use (ROU) lease asset at the commencement date of the lease. The lease liability is initially and subsequently recognized based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. The discount rate is the implicit rate if it is readily determinable or otherwise Para Los Niños uses the risk-free rate. The implicit rates of Para Los Niños' leases are not readily determinable and accordingly, Para Los Niños used the risk-free rate based on the information available at the commencement date for all leases.

The ROU asset is subsequently measured throughout the lease term at the amount of the re-measured lease liability (i.e., present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received, and any impairment recognized. Lease cost for lease payments is recognized on a straight-line basis over the lease term.

Para Los Niños has elected, for all underlying classes of assets, to not recognize ROU lease assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement, and do not include an option to purchase the underlying asset that Para Los Niños is reasonably certain to exercise. Para Los Niños recognizes lease cost associated with short-term leases on a straight-line basis over the lease term.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) INCOME TAXES

Para Los Niños is exempt from taxation under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d.

In accordance with the Financial Accounting Standards Board's (FASB) Accounting Standards Codification Topic No. 740, *Uncertainty in Income Taxes*, Para Los Niños recognizes the impact of tax positions in the financial statements if that position is more likely than not to be sustained on audit, based on the technical merits of the position. During the year ended June 30, 2025, Para Los Niños performed an evaluation of uncertain tax positions and did not note any matters that would require recognition in the financial statements or which might have an effect on its tax-exempt status.

(m) FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing Para Los Niños' programs and other activities have been presented in the statement of functional expenses. During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit. Para Los Niños uses time activity reports, square footage and employee headcount to allocate indirect costs.

(n) USE OF ESTIMATES

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

(o) RECLASSIFICATIONS

For comparability, certain June 30, 2024 amounts have been reclassified, where appropriate, to conform to the financial statement presentation used at June 30, 2025.

(p) COMPARATIVE TOTALS

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United Sates of America. Accordingly, such information should be read in conjunction with Para Los Niños' financial statements for the year ended June 30, 2024, from which the summarized information was derived.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) SUBSEQUENT EVENTS

Para Los Niños has evaluated events and transactions occurring subsequent to the statement of financial position date of June 30, 2025 for items that should potentially be recognized or disclosed in these financial statements. The evaluation was conducted through December 10, 2025, the date these financial statements were available to be issued. No such material events or transactions were noted to have occurred.

NOTE 3 - FAIR VALUE MEASUREMENTS

Para Los Niños has implemented the accounting standard for those assets that are re-measured and reported at fair value at each reporting period. This standard establishes a single authoritative definition of fair value, sets out a framework for measuring fair value based on inputs used, and requires additional disclosures about fair value measurements. This standard applies to fair value measurements already required or permitted by existing standards.

In general, fair values determined by Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets (or liabilities). Fair values determined by Level 2 inputs utilize observable data points such as quoted prices, interest rates, and yield curves or quoted prices for similar securities. Fair values determined by Level 3 inputs are unobservable data points for the asset (or liability) and include situations where there is little, if any, market activity for the asset (or liability).

The following table presents information about Para Los Niños' assets that are measured at fair value on a recurring basis at June 30, 2025 and indicates the fair value hierarchy of the valuation techniques utilized to determine such fair value:

		Fair Value Measurements Using		
	Year Ended June 30,2025	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and Cash Equivalents	$ 29,217	$ 29,217	$ -	$ -
Equities	861,353	861,353	-	-
Fixed Income	1,989,670	1,989,670	-	-
TOTAL INVESTMENTS	2,880,240	2,880,240	-	-
Beneficial Interest in: Perpetual Trust	280,904	-	-	280,904
TOTAL	$ 3,161,144	$ 2,880,240	$ -	$ 280,904

NOTE 3 - FAIR VALUE MEASUREMENTS (continued)

The fair values of investments within Level 1 were obtained based on quoted market prices at the closing of the last business day of the fiscal year.

The fair value of the beneficial interest in the perpetual trust is measured on a recurring basis using level 3 inputs. Fair values determined by level 3 inputs use unobservable data points for the asset and include situations where there is little, if any, market activity for the asset. The following table presents information about Para Los Niños' beneficial interest in perpetual trust at June 30, 2025:

Beginning Balance at July 1, 2024	$ 284,143
Change in Value of Beneficial Interest	(3,239)
ENDING BALANCE AT JUNE 30, 2025	$ 280,904

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2025 consist of the following:

Land and Land Improvements	$ 3,250,694
Buildings and Improvements	11,663,566
Computer and Office Equipment	2,116,391
Leasehold Improvements	574,632
Furniture	221,805
TOTAL	17,827,088
Less: Accumulated Depreciation	(7,976,667)
PROPERTY AND EQUIPMENT (NET)	$ 9,850,421

Depreciation expense for the year ended June 30, 2025 was $266,949.

NOTE 5 - NOTE PAYABLE

The note payable at June 30, 2025 consists of a loan with a bank, secured by real property, in the original principal amount of $3,000,000. The note payable has an annual interest rate of 4.16% and is repayable in monthly installments of principal and interest totaling $16,204, with a final payment of $2,174,422 due May 2032. The balance at June 30, 2025 was $2,701,572.

NOTE 5 - NOTE PAYABLE (continued)

The future maturities of the note payable are as follows:

Year Ending June 30	
2026	$ 82,077
2027	85,607
2028	88,999
2029	93,115
2030	97,119
Thereafter	2,254,656
TOTAL	$ 2,701,573

NOTE 6 - LINE OF CREDIT

Para Los Niños has a revolving line of credit, secured by real property, in the amount of $2,500,000, at a variable interest rate of the larger of Wall Street Journal prime (WJSP) rate plus 0.75%, or 4.00% per annum and due May 2027. There was no outstanding balance on the line of credit at June 30, 2025. The WJSP rate at June 30, 2025 was 7.5%.

NOTE 7 - NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions consist of undesignated and Board designated amounts for the following purposes at June 30, 2025:

Undesignated	$ 8,065,030
Board Designated Operating Reserve	2,931,300
TOTAL NET ASSETS WITHOUT DONOR RESTRICTIONS	$ 10,996,330

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at June 30, 2025:

Subject to Expenditure for Specified Purpose:	
Child Care	3,263,448
Charter Schools	226,141
Family Services	181,031
Youth Workforce	26,914
Other Program	51,060
TOTAL SUBJECT TO EXPENDITURE FOR SPECIFIED PURPOSE	3,748,594
Not Subject to Appropriation or Spending Policy:	
Beneficial Interest in Perpetual Trust	280,904
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	$ 4,029,498

Net Assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the year ended June 30, 2025:

Expiration of Specified Time Period:	
Grants Restricted for Spending over a Specific Period of Time	$ 100,000
Subject to Expenditure for Specified Purpose:	
Charter Schools	142,863
Family Services	243,080
Best Start	28,240
Youth Workforce	40,586
TOTAL NET ASSETS RELEASED FROM WITH DONOR RESTRICTIONS	$ 554,769

NOTE 9 - LEASES

Para Los Niños leases various facilities from third parties which are accounted for as operating leases. The leases expire at various dates through September 30, 2035. Some of these leases have renewal options of up to five years. The exercise of lease renewal options is at Para Los Niños discretion. Para Los Niños has chosen to include the renewal term in the calculation of the ROU assets and related lease liabilities when such renewals are reasonably certain of being exercised. Leases with an initial term of 12 months or less, which are not expected to be renewed beyond one year, are not recorded on the statement of financial position and are recognized as lease expense on a straight-line basis over the lease term. As of June 30, 2025, Para Los Niños recognized $7,234,858 of ROU lease assets and $7,483,974 of related lease liabilities for contracts that are classified as operating leases. Operating lease cost was $1,758,489 for the year ended June 30, 2025.

As of June 30, 2025, the weighted average remaining lease terms of operating leases are approximately 7.33 years. The weighted average discount rates used to determine the ROU liabilities as of June 30, 2025 for the operating leases were approximately 3.05%.

Maturities of lease liabilities in future years are as follows:

Years Ending June 30	Operating Leases
2026	$ 1,488,840
2027	1,431,360
2028	1,411,086
2029	569,332
2030	551,651
Thereafter	2,895,876
TOTAL LEASE PAYMENTS	8,348,145
Less: Imputed Interest	(864,171)
TOTAL LEASE LIABILITIES	$ 7,483,974

NOTE 9 - LEASES (continued)

Para Los Niños has a facility use agreements with Los Angeles Unified School District ("LAUSD") for Para Los Niños Charter Middle School. The agreement carries a term that coincides with the school's charter agreement. The agreement does not require Para Los Niños to pay a lease amount for the use of the site, but instead Para Los Niños pays a Pro Rata Share charge for the maintenance of the facilities and other services. This Pro Rata Share charge is negotiated annually for each site and, therefore, cannot be estimated for future years. The Pro Rata Share charges paid to LAUSD for the year ended June 30,2025 were $373,000.

NOTE 10 - COMMITMENTS AND CONTINGENCIES

CONTRACTS

Para Los Niños' grants and contracts are subject to inspection and audit by the appropriate governmental funding agencies. The purpose is to determine whether program funds were used in accordance with their respective guidelines and regulations. The potential exists for disallowance of previously funded program costs. The ultimate liability, if any, which may result from these governmental audits cannot be reasonably estimated.

NOTE 11 - RETIREMENT PLAN

Para Los Niños has a participant contributory 401(k) retirement plan that is available to all eligible employees who have completed 90 days of employment. At its discretion, Para Los Niños can make employer matching contributions to the plan. For the year ended June 30, 2025, Para Los Niños made no matching contributions.

Additionally, Para Los Niños' charter school teachers participate in the California State Teachers' Retirement Systems (STRS). Under STRS, Para Los Niños is required to make contributions to STRS based on determined percentages of the teachers' salaries. For the year ended June 30, 2025, Para Los Niños contributed $981,992 to STRS.

NOTE 12 - LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

The total financial assets held by Para Los Niños at June 30, 2025, and the amounts of those financial assets that could be made available for general expenditures within one year of the date of the statement of financial position are summarized in the following table:

Financial Assets at June 30, 2025:	
Cash and Cash Equivalents	$ 3,796,925
Investments	2,880,240
Grants and Contracts Receivable	9,725,171
Pledges Receivable	53,285
Beneficial Interest in Perpetual Trust	280,904
TOTAL FINANCIAL ASSETS AT JUNE 30, 2025	16,736,525
Less Amounts Not Available to Be Used within One Year, Due to:	
Donor-Imposed Restrictions:	
Beneficial Interest in Perpetual Trust	(280,904)
Funds Held with Purpose or Time Restrictions	(3,748,594)
Board Designations:	
Board Designated Operating Reserve	(2,931,300)
FINANCIAL ASSETS AVAILABLE TO MEET GENERAL EXPENDITURES WITHIN ONE YEAR	$ 9,775,727

Para Los Niños regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. Para Los Niños in substantially supported by government grants and contracts and unrestricted contributions. As a part of Para Los Niños' liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Para Los Niños has various sources of liquidity at its disposal, including cash and cash equivalents and a $2,500,000 line of credit with the entire balance available at June 30, 2025. In addition, Para Los Niños has a Board designated reserve funds of $2,931,300 at June 30, 2025 that could be drawn upon for liquidity needs.