FOUNDATION ECE

FOUNDATION FOR EARLY CHILDHOOD EDUCATION

SINGLE AUDIT AND REPORT ON AUDIT OF FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

VASIN, HEYN & COMPANY
ABOVE THE BRIGHT LINE
AN ACCOUNTANCY CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS | AUDITORS AND ADVISERS

FOUNDATION FOR EARLY CHILDHOOD EDUCATION
(A California Non-Profit Corporation)
TABLE OF CONTENTS

FOUNDATION FOR EARLY CHILDHOOD EDUCATION
(A California Non-Profit Corporation)
GENERAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2025

Agency Name:	Foundation for Early Childhood Education	
Type of Agency:	Non-Profit Corporation	
Agency Address:	3450 East Sierra Madre Boulevard Pasadena, California 91107	
Name of Agency Executive Director:	Marcie Houchen	
Telephone Number:	(626) 572-5107	
Period Covered by Examination:	July 1, 2024 through June 30, 2025	
Number of Days of Agency Operation:		
	California State Preschool	175 days
	Early Head Start	198 days
	Head Start	175 days
Scheduled Hours of Operation Each Day: Early Head Start, Head Start and State Preschool:	Monday through Friday From 8:15 a.m. to 3:30 p.m.	

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Foundation for Early Childhood Education
(A California Non-Profit Corporation)
Pasadena, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Foundation for Early Childhood Education (A California Non-Profit Corporation) 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 financial statements present fairly, in all material respects, the financial position of Foundation for Early Childhood Education 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 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Foundation for Early Childhood Education 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 opinions.

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 of Foundation for Early Childhood Education's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

INDEPENDENT AUDITORS' REPORT (Continued)

Auditors' 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 auditors' 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 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 generally accepted auditing standards 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 Foundation for Early Childhood Education'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 Foundation for Early Childhood Education'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.

Report on Summarized Comparative Information

We previously audited Foundation for Early Childhood Education's 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 16, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2025, is consistent, in all material respects, with the audited financial statements from which it has been derived.

The summary financial statements do not contain all the disclosures required by accounting principles generally accepted in the United States of America. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of Foundation for Early Childhood Education.

INDEPENDENT AUDITORS' REPORT (Continued)

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Combining Schedule of Activities – Program Activity, Combining Schedule of Activities – CSPP Program, Schedule of Claimed Equipment Expenditures, Schedule of Claimed Expenditures for Renovations and Repairs, Schedule of Claimed Administrative Costs, Schedule of Expenditures by State Categories, Notes to the Child Care and Development Program Supplemental Information and Audited Final Attendance and Fiscal Report Forms are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Combining Schedule of Activities – Program Activity, Combining Schedule of Activities – CSPP Program, Schedule of Claimed Equipment Expenditures, Schedule of Claimed Expenditures for Renovations and Repairs, Schedule of Claimed Administrative Costs, Schedule of Expenditures by State Categories, Notes to the Child Care and Development Program Supplemental Information and Audited Final Attendance and Fiscal Report Forms are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. This information has been subjected to the auditing procedures applied in the audit of the financial statements and in conformity with the Audit Guide for Audits of Child Development and Nutrition Programs issued by the *California Departments of Education and Social Services (CDE & CDSS Audit Guide)*. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining Schedule of Activities – Program Activity, Combining Schedule of Activities – CSPP Program, Schedule of Claimed Equipment Expenditures, Schedule of Claimed Expenditures for Renovations and Repairs, Schedule of Claimed Administrative Costs, Schedule of Expenditures by State Categories, Notes to the Child Care and Development Program Supplemental Information and Audited Final Attendance and Fiscal Report Forms are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal, State and Local Awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal, State and Local Awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

INDEPENDENT AUDITORS' REPORT (Continued)

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2025, on our consideration of Foundation for Early Childhood Education's 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 to solely 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 Foundation for Early Childhood Education's 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 Foundation for Early Childhood Education's internal control over financial reporting and compliance.

Calabasas, California
November 28, 2025

FOUNDATION FOR EARLY CHILDHOOD EDUCATION
(A California Non-Profit Corporation)
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2025
(WITH COMPARATIVE TOTALS FOR 2024)

	2025	2024
ASSETS		
Cash and cash equivalents	$ 1,879,274	$ 3,255,968
Restricted cash	471,490	397,657
Short-term investments	339,778	313,493
Contracts and grants receivable	2,554,991	607,075
Accounts receivable	-	1,003
Deposits and prepaid expenses	142,767	107,507
Total assets	$ 5,388,300	$ 4,682,703
LIABILITIES		
Accounts payable and accrued expenses	$ 1,703,051	$ 1,061,383
Accrued payroll and related liabilities	1,085,640	780,328
Accrued vacation	463,239	394,164
Deferred revenue	1,628,472	1,989,069
Note payable - LACOE	174,491	177,430
Total liabilities	5,054,893	4,402,374
COMMITMENTS AND CONTINGENCIES		
NET ASSETS		
Without donor restrictions	333,407	280,329
Total net assets	333,407	280,329
Total liabilities and net assets	$ 5,388,300	$ 4,682,703

See accompanying auditors' reports and notes to financial statements.

FOUNDATION FOR EARLY CHILDHOOD EDUCATION
(A California Non-Profit Corporation)
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025
(WITH COMPARATIVE TOTALS FOR 2024)

	2025	2024
REVENUE AND SUPPORT		
Federal apportionments	$ 15,069,338	$ 12,409,502
State apportionments	2,505,400	2,238,239
Other grants	28,537	44,634
Interest and dividend income	42,730	40,561
Other revenue	7,185	6,796
Contract settlements	13,903	-
In-kind contributions	1,531,689	1,536,411
Total revenue and support	19,198,782	16,276,143
EXPENSES		
Program services:		
Head Start Programs	16,034,342	13,508,062
California Department of Education - CSPP Programs	2,514,756	2,200,741
California Department of Social Services - CACFP Food Program	563,835	483,551
Other programs	29,536	126,913
Total program services	19,142,469	16,319,267
Support services:		
Management and general	3,235	1,872
Total expenses	19,145,704	16,321,139
CHANGE IN NET ASSETS	53,078	(44,996)
NET ASSETS - beginning of year	280,329	325,325
NET ASSETS - end of year	$ 333,407	$ 280,329

See accompanying auditors' reports and notes to financial statements.

FOUNDATION FOR EARLY CHILDHOOD EDUCATION
(A California Non-Profit Corporation)
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2025
(WITH COMPARATIVE TOTALS FOR 2024)

	Program Services	Management and General Services	2025 Total Expenses	2024 Total Expenses
Salaries and related expenses				
Salaries	$ 8,018,221	$ 174	$ 8,018,395	$ 7,083,706
Employee benefits	1,769,341	-	1,769,341	1,333,994
Payroll taxes	605,051	-	605,051	530,523
	10,392,613	174	10,392,787	8,948,223
Other expenses				
Accounting fees	34,801	-	34,801	31,966
Advertising	-	-	-	19,937
Auto expense	28,034	-	28,034	26,952
Bank charges	10,398	3,061	13,459	10,075
Client related costs	642,700	-	642,700	550,017
Computer expenses	206,674	-	206,674	173,492
Conferences and meetings	201,524	-	201,524	162,986
Consultants	305,968	-	305,968	252,361
Contracted services, personnel	1,256,446	-	1,256,446	1,296,949
Dues and subscriptions	-	-	-	24,055
Education and training	-	-	-	2,093
Equipment expenses	491,776	-	491,776	145,281
Equipment rental and maintenance	53,311	-	53,311	49,667
In-kind, professional services	31,500	-	31,500	31,500
In-kind, rent	1,500,189	-	1,500,189	1,504,912
Insurance	156,863	-	156,863	123,899
Licenses and permits	23,627	-	23,627	20,219
Outside services	66,992	-	66,992	30,532
Printing	107,915	-	107,915	42,516
Professional legal fees	437	-	437	-
Rent	586,418	-	586,418	562,907
Repairs and maintenance	1,575,864	-	1,575,864	833,261
Supplies	945,754	-	945,754	1,047,749
Supplies, food service	54,894	-	54,894	31,539
Telephone	153,498	-	153,498	140,035
Travel	84,526	-	84,526	59,770
Utilities	229,747	-	229,747	198,249
Total Expenses	$ 19,142,469	$ 3,235	$ 19,145,704	$ 16,321,142

See accompanying auditors’ reports and notes to financial statements.

FOUNDATION FOR EARLY CHILDHOOD EDUCATION
(A California Non-Profit Corporation)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2025
(WITH COMPARATIVE TOTALS FOR 2024)

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 53,078	$ (44,996)
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
(Increase) decrease in:		
Contracts and grants receivable	(1,947,916)	(27,440)
Accounts receivable	1,003	(714)
Deposits and prepaid expenses	(35,260)	19,169
Increase (decrease) in:		
Accounts payable and accrued expenses	641,668	(979,643)
Accrued payroll and related liabilities	305,312	57,525
Accrued vacation	69,075	15
Deferred revenue	(360,597)	1,727,738
Total adjustments	(1,326,715)	796,650
Net Cash Provided (Used) by Operating Activities	(1,273,637)	751,654
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of certificate of deposit	(11,500)	(150,000)
Interest payments reinvested from certificate of deposit	(14,785)	(10,194)
Net Cash Provided (Used) by Investing Activities	(26,285)	(160,194)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal repayments related to Note Payable - LACOE	(2,939)	-
Net Cash Provided (Used) by Financing Activities	(2,939)	-
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(1,302,861)	591,460
CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT BEGINNING OF YEAR	3,653,625	3,062,165
CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT END OF YEAR	$ 2,350,764	$ 3,653,625
CASH, CASH EQUIVALENTS AND RESTRICTED, END OF YEAR CASH, CONSISTED OF THE FOLLOWING:		
Cash concentration account	$ 1,877,869	$ 3,245,248
Board fund account	1,405	10,720
Vacation Trust, restricted account	471,490	397,657
	$ 2,350,764	$ 3,653,625
Non-Cash Supplementary Disclosures:		
In-kind contributions	$ 1,531,689	$ 1,536,411

See accompanying auditors' reports and notes to financial statements.

FOUNDATION FOR EARLY CHILDHOOD EDUCATION
(A California Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

1. NATURE OF ORGANIZATION

Foundation for Early Childhood Education (Foundation) is a Non-Profit Corporation incorporated under the laws of California for the purpose of providing complete child care services primarily to low income families, emphasizing a quality education and nutrition program for their children. Foundation's Child Program operates from the funding that the Foundation receives as a sub-recipient from the Los Angeles County Office of Education (LACOE). In addition, the State of California Department of Education (CDE) provides funding to Foundation for the Preschool Program and Child Care Food Program, which provide the needs to the children of the Head Start Program and California State Preschool Program. Approximately 81% and 18% of Foundation's total revenue is received from CSPP and CACFP, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Foundation for Early Childhood Education prepares its financial statements in accordance with generally accepted accounting principles (GAAP) promulgated in the United States of America. The significant accounting and reporting policies used by Foundation for Early Childhood Education are described below to enhance the usefulness and understandability of the financial statements.

Accrual Basis

The accounting records of Foundation for Early Childhood Education are maintained on the accrual basis.

Net Assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

- *Net assets without donor restrictions.* Net assets without donor restrictions are resources available to support operations. The only limits on the use of net assets without donor restrictions are the broad limits resulting for the nature of Foundation for Early Childhood Education, 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Net Assets – Continued

- *Net assets with donor restrictions.* Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Foundation for Early Childhood Education's unspent contributions are classified in this class if the donor limited their use. When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Net assets restricted for acquisition of buildings or equipment (or less commonly, the contribution of those assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service by Foundation for Early Childhood Education, unless the donor provides more specific directions about the period of its use. Foundation for Early Childhood Education did not have any donor restricted net assets at June 30, 2025.

All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless the use of the related resources is subject to donor restrictions. All expenses and net losses other than losses on endowment investments are reported as decreases in net assets without donor restrictions.

Cash and Cash Equivalents

Cash and cash equivalents are defined as cash in demand deposit accounts as well as cash on hand.

Restricted Cash

Restricted cash represents cash that is under legal restrictions or is otherwise unavailable for the general use of Foundation for Early Childhood Education, which is primarily for vacation payments due to Foundation for Early Childhood Education employees.

Short-Term Investments

Foundation for Early Childhood Education invests cash in excess of its immediate needs in certificates of deposit. Investments are reported at fair value. The fair value for investments in the certificate of deposit is estimated using a maturity based on interest rates.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Contracts, Grants and Accounts Receivable

Receivables consist of contracts, grants and accounts receivables and are stated at the amount management expects to collect from outstanding balances. Receivables are primarily unsecured amounts due on cost reimbursement or performance contracts. Foundation for Early Childhood Education uses the allowance method of accounting for receivables determined to be potentially uncollectable. In management's opinion, all receivables were collectible at year-end. No allowance for doubtful accounts for grants and accounts receivables is considered necessary at June 30, 2025. No credit losses for grants and accounts receivables is considered necessary at June 30, 2025.

Deposits and Prepaid Expenses

Deposits and prepaid expenses such as insurance, rents and other costs are expensed ratably over their respective terms of agreement.

Property and Equipment, Net

Property and equipment purchased with grantor funds are not capitalized as title vests with the grantor. Under terms of the Head Start grant, Foundation for Early Childhood Education is required to transfer possession of all fixed assets to other authorized programs or agencies upon termination of this program. Foundation for Early Childhood Education has no other property or equipment except those purchased with grantor funds. Property purchased with contract funds have been separately accounted for in the property management system. The cost of grant-funded property and equipment not included on the statement of financial position is $6,423,973 at June 30, 2025.

Accrued Vacation

Accrued vacation benefits are earned on a monthly basis provided the employee has met the employment requirements. Benefits can accrue up to a maximum of thirty one days. Benefits are accrued on a bi-monthly basis; accrual is based upon years of service to Foundation for Early Childhood Education as follows:

Type of Employment and Position	Annual Accrual
Teaching Staff *	0 hours (see note below)
Non-Teaching Union Staff	144 hours
Non-Union Staff	192 hours

Total accrued vacation at June 30, 2025 was $463,239.

* Any teaching staff hired after January 1, 2017 no longer receives accrued vacation benefits. The accrued vacation balance on December 31, 2016 for teaching staff was carried over.

Deferred Revenue

Deferred revenue represents revenues collected but not earned as of June 30, 2025. This is primarily composed of revenue for contracts, grants and stipends collected in advance.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Accounting for Contributions

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions consistent with the nature of the restriction. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as with donor restrictions until the payment is due unless the contribution is clearly intended to support activities of the current fiscal year or is received with donor restrictions. Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

Contributed Goods and Services

Contributions of goods received that are measurable are recorded as revenue at their estimated fair value when received. Contributions of services are recognized if the services received meet any of these criteria: (1) if they create or enhance nonfinancial assets and (2) if they require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Foundation for Early Childhood Education has recorded in-kind contributions for space, professional services, and contributed supplies in the statement of activities in accordance with a financial accounting standard that requires that only contributions of service received that creates or enhances a nonfinancial asset or requires specialized skill by the individual possessing those skills and would typically need to be purchased if not provided by donation be recorded. The requirements of this standard are different than the in-kind requirements of several of Foundation for Early Childhood Education's grant awards. Foundation for Early Childhood Education received contributions during the year with a value of $4,117,521 for its Head Start Program of which, $2,585,832 not recorded in the statement of activities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Revenue Recognition

Revenues from government agencies, program service fees, and other third-party payors for services provided under such contracts are recognized when earned by Foundation for Early Childhood Education. All gifts, bequests, and other public support are included in net assets without donor restrictions unless specifically restricted by the donor or the terms of the gift or grant instrument. Amounts received in excess of balances earned are recognized as liabilities in Deferred Revenue.

Government Revenue

Government revenue is recognized when the qualifying costs are incurred for cost-reimbursement grants or contracts or when a unit of service is provided for performance grants. Government revenue from federal agencies is subject to independent audit under the Uniform Guidance and review by grantor agencies.

Income Taxes

Foundation for Early Childhood Education is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and California income taxes under section 23701(d) of the California Revenue and Taxation Code. The IRS classified Foundation for Early Childhood Education as one that is not a private foundation within the meaning of section 509(a) of the Code because it is an organization described in section(s) 509(a)(1) and 170(b)(1)(A)(vi).

Foundation for Early Childhood Education has adopted Financial Accounting Standards Board Accounting Standards Codification (ASC) Section 740-10, which clarifies the accounting for uncertainty in income taxes. ASC Section 740-10 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. ASC Section 740-10 requires that an organization recognize in the financial statements the impact of the tax position if that position will more likely than not be sustained on audit, based on the technical merits of the position. As of and for the year ended June 30, 2025, Foundation for Early Childhood Education had no material unrecognized tax benefits, tax penalties or interest.

Foundation for Early Childhood Education’s Forms 990, *Return of Organization Exempt from Income Tax*, for each of the tax years ended June 30, 2024, 2023, and 2022, are subject to examination by the IRS, generally for 3 years after they were filed.

Foundation for Early Childhood Education’s Forms 199, *California Exempt Organization Return*, for each of the tax years ended June 30, 2024, 2023, 2022, and 2021, are subject to examination by the Franchise Tax Board, generally for 4 years after they were filed.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Expense Recognition

The cost of providing Foundation for Early Childhood Education's programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited.

Cost Allocation

Joint costs are those costs incurred for the common benefit of all Foundation for Early Childhood Education's programs that cannot be readily identified with a final cost objective. Foundation for Early Childhood Education allocates joint costs to federal and state programs based on a cost allocation plan approved by the Board of Directors and reviewed by LACOE.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the reported amounts of assets and liabilities at the date of the financial statements. On an ongoing basis, Foundation for Early Childhood Education's management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. Foundation for Early Childhood Education's management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

Reclassifications

Certain amounts in the 2024 comparative totals have been reclassified to conform with the 2025 reporting format.

Comparative Totals

The financial statements include certain prior-year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Foundation for Early Childhood Education's financial statements for the year ended June 30, 2024, from which the summarized information was derived.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Fair Value Measurements

Foundation for Early Childhood Education reports its fair value measures using a three-level hierarchy that prioritizes the inputs used to measure fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal or most advantageous market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. This hierarchy, established by GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used to measure fair value are as follows:

- *Level 1* - Quoted prices for identical assets or liabilities in active markets to which Foundation for Early Childhood Education has access at the measurement date.
- *Level 2* - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:
  - quoted prices for similar assets or liabilities in active markets;
  - quoted prices for identical or similar assets in markets that are not active;
  - observable inputs other than quoted prices for the asset or liability (for example, interest rates and yield curves); and
  - inputs derived principally from, or corroborated by, observable market data by correlation or by other means.
- *Level 3* - Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.

The carrying amounts of cash and cash equivalents and receivables approximate fair value because of the terms and relatively short maturity of these financial instruments. The certificate of deposit is valued at quoted market prices, which represent the net asset value held by the Foundation for Early Childhood Education at year end. The carrying amounts of liabilities, approximate fair value because of the relatively short maturity of these financial instruments.

When available, Foundation for Early Childhood Education measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value.

3. CONTRACTS, GRANTS AND ACCOUNTS RECEIVABLE

Contracts, grants and accounts receivable at June 30, 2025 consisted of the following:

	Amount
California Department of Social Services – Child and Adult Care Food Program	$ 122,746
L.A. County Office of Education – Early Head Start & Head State Programs	2,432,245
Total	$ 2,554,991

In management's opinion, all receivables were collectible at year-end. No allowance for doubtful accounts for grants and accounts receivables is considered necessary at June 30, 2025. No credit loss is considered necessary at June 30, 2025.

4. SHORT-TERM INVESTMENTS

Foundation for Early Childhood Education measures fair value in accordance with FASB ASC 820-10. FASB ASC 820-10 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels; Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs, other than the quoted prices in active markets, are observable either directly or indirectly, and Level 3 unobservable inputs in which there is little or no market data, which requires Foundation for Early Childhood Education to develop its own assumptions. Foundation for Early Childhood Education uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, Foundation for Early Childhood Education measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available. All assets reported at fair value at June 30, 2025, are Level 2 inputs.

Short-term investments consist of the following at June 30, 2025:

	Total	Level 2
Certificate of deposit	$ 339,778	$ 339,778
Total short-term investments	$ 339,778	$ 339,778

At June 30, 2025, Foundation for Early Childhood Education did not have any investments measured using Level 1 or Level 3 inputs.

The composition of the interest and short-term investments income is reported in the statement of activities is follows:

	Amount
Interest income from certificates of deposit	$ 14,785
Interest income from cash and cash equivalents accounts	27,945
Total interest and short-term investments income	$ 42,730

5. RESTRICTED CASH AND ACCRUED VACATION

Restricted cash of $471,490 at June 30, 2025, consists of cash restricted for the employees' funded vacation accrual. Foundation for Early Childhood Education has opened a custodial bank account for accrued vacation funded by LACOE and the California Department of Education for the employees of Foundation for Early Childhood Education. The agreement with the bank requires disbursement of funds to an employee who has terminated their employment. The disbursement of funds must be authorized by the Foundation for Early Childhood Education.

Foundation for Early Childhood Education has a vacation plan whereby every employee who has satisfied employment requirements, as defined, can participate. Foundation for Early Childhood Education recorded a liability that amounted to $463,239 related to earned vacation of its employees as of June 30, 2025. The total liability was fully funded by the grantors as of June 30, 2025.

The difference between the funded accrued vacation liability and the restricted cash balance is the interest and dividend income generated form the deposits, less bank service charges as well as the cumulative tax liability of vacation pay out that is paid from regular cash account.

6. NOTE PAYABLE - LACOE

Foundation for Early Childhood Education has a note payable to Los Angeles County Office of Education (LACOE) with total payments due of $255,520. It is unsecured with interest and annual payments of $20,000 until 2037. The balance owed at June 30, 2025 was $174,491. Interest expense is imputed at a rate of 6%. In June of 2025 LACOE reduced the annual repayment of $20,000 to $6,000 for the June 30, 2025 fiscal year. Entire annual payments of $20,000 to LACOE will begin once again in June of 2026.

Future minimum payments on the note payable are as follows:

Year Ending June 30,	Amount
2026	$ 20,000
2027	20,000
2028	20,000
2029	20,000
2030	20,000
Thereafter	149,290
Total note payable – LACOE payments	249,290
Imputed interest	(74,799)
Net present value of note payable – LACOE	174,491
Current maturity of note payable – LACOE	(9,967)
Long-term note payable - LACOE	$ 164,524

7. LEASE COMMITMENTS

Foundation for Early Childhood Education entered into various operating lease agreements for equipment, vehicles, and office space. In general, the agreements provide for cancellation on a 30-day notice by either party; however, they are intended to be long-term in nature with renewal options. Accordingly, these agreements are considered operating leases for purposes of financial reporting.

The minimum future lease payments under cancellable leases are:

Year Ending June 30;	Amount
2025	$ 583,003
2026	600,876
2027	619,312
2028	638,346
2029	657,968
Thereafter	678,515
Total future principal payments	$ 3,778,020

Total rent expense for the year ended June 30, 2025 was $586,418. The total equipment rental expense for the year ended June 30, 2025 was $17,727.

8. RETIREMENT PENSION PLAN

Foundation for Early Childhood Education has a noncontributory defined contribution retirement plan for its employees whereby employees can participate if they have completed one year of continuous employment with the Foundation for Early Childhood Education and are at least 18 years of age. Foundation for Early Childhood Education is required to contribute 8.5% of the qualified employee’s annual compensation, as defined. Foundation for Early Childhood Education’s contribution to the plan was $573,711 for the year ended June 30, 2025.

9. IN-KIND CONTRIBUTIONS

Natural classifications of in-kind contributions not recorded are as follows:

	Amount
Board - meeting attendance time	$ 18,779
California Department of Education – CSPP Contract	2,351,452
Other	113,115
Policy committee time	102,486
Professional services	31,500
Rental space donation	1,500,189
Total in-kind contributions	$ 4,117,521

Per the Los Angeles County Office of Education, Foundation for Early Childhood Education has to contribute at least 20% of total costs of Head Start Program through In-Kind expenses in accordance with 45 CFR 1301.20 Matching Requirements. Foundation for Early Childhood Education met the 20% in-kind contribution requirement with the in-kind contributions of 33.06%.

In-Kind Contributions Valuation Techniques & Inputs

The fair value of the contributed rental space was estimated on the basis of comparable prices in the real estate market of the metropolitan area in which the space is located.

Contributed supplies are valued at the estimated fair value on the basis of estimates of wholesale values that would be received for selling similar products in the U.S.

Donor Restrictions

There were no donor restrictions on any in-kind contributions received during the year ended June 30, 2025.

Monetization of In-Kind Contributions

Foundation for Early Childhood Education does not sell donated in-kind contributions and only distributes goods or uses the services for program use.

In-Kind Services:

Contributed services recognized comprise professional services. Such services are valued and reported at the estimated fair value in the financial statements based on current rates for similar services.

In addition to the professional services, which required special expertise and were recognized at $31,500, the Foundation for Early Childhood Education received approximately $121,265 contributed services that were not recognized. Those volunteers were board members, parent volunteers and policy committee members.

10. CONTINGENCIES

Grants

Foundation for Early Childhood Education has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under the terms of the grants, it is believed by management that any required reimbursements will not be significant to the financial position of Foundation for Early Childhood Education.

Risk and Uncertainties

Foundation for Early Childhood Education receives funding from certain governmental agencies including the U.S. Department of Health and Human Services, U.S. Department of Agriculture, California Department of Social Services and California Department of Education. Such agencies are subject to legislative changes and may require the Foundation for Early Childhood Education to meet certain criteria, or renew term agreements. Should the amounts received from such government agencies change or cease for any reason, the financial activities of Foundation for Early Childhood Education could be adversely impacted.

11. CHILD DEVELOPMENT RESERVE

Child development contractors are allowed, with prior CDE and/or CDSS approval, to maintain a reserve account from earned but unexpended child development contract funds for three types of programs: Center Based, Resource and Referral, and Alternative Payment. Transfers from a reserve account are considered restricted income for child development programs, but may be applied to any of the contracts that are eligible to contribute to that particular program type.

The Foundation for Early Childhood Education is not required to maintain a reserve account for its Center Based (CB) contract; therefore funds are not deposited into an interest bearing account for the year ended June 30, 2025.

12. NUTRITION PROGRAMS

Foundation for Early Childhood Education has a nutrition agreement with CDE for its Child and Adult Care Food Program, as reported in the Schedule of Expenditures of Federal and State Awards. However, no nutrition audit report schedules are included in the audit because (1) the audit disclosed no nutrition overpayments, underpayments, or program findings; (2) the contractor did not request reimbursement of audit costs; and (3) the audit is not a program specific nutrition audit.

13. LIQUIDITY AND FUNDS AVAILABLE

The total financial assets held by the Foundation for Early Childhood Education at June 30, 2025 and the amount of those financial assets that could be made available for general expenditure within one year of the date of the statement of financial position are summarized in the following table:

	June 30, 2025
Financial assets:	
Cash and cash equivalents	$ 1,879,274
Restricted cash	471,490
Short-term investments	339,778
Contracts and grants receivable	2,554,991
Total financial assets	5,245,533
Less restrictions:	
Restricted cash	(471,490)
Net financial assets after restrictions	4,774,043
Financial assets available to meet cash needs for general expenditures within one year	$ 4,774,043

Foundation for Early Childhood Education's goal is generally to maintain financial assets to meet 15 days of operating expenses (approximately $500,000). As part of its liquidity plan, Foundation for Early Childhood Education bills government-funded contracts in accordance with funding terms and conditions or receives periodic advances from funders, generally monthly. Amounts available for expenditure over the period of the next twelve months are dependent on governmental funder's payment cycles which vary from 5 to 60 days.

14. CONCENTRATION RISK

During the year ended June 30, 2025, Foundation for Early Childhood Education had two major revenue sources that accounted for approximately 99% of the total revenue. The California Department of Education Preschool Program accounted for approximately 18%, while the Los Angeles County Office of Education Head Start Program accounted for approximately 81%. These programs were financed primarily through federal and state funding, respectively. Government funding for these programs are generally contingent upon the appropriation and availability of sufficient funds.

The majority of Foundation for Early Childhood Education's contributions and grants are received from corporations, foundations, and individuals located in the greater Los Angeles metropolitan area and from agencies of the state of California. As such, Foundation for Early Childhood Education's ability to generate resources via contributions and grants is dependent upon the economic health of that area and of the state of California. An economic downturn could cause a decrease in contributions and grants that coincides with an increase in demand for Foundation for Early Childhood Education's services.

Financial instruments that potentially subject Foundation for Early Childhood Education to concentrations of credit risk consist principally of uninsured cash balances. Foundation for Early Childhood Education places its cash deposits with high-credit, quality financial institutions. At times, balances in Foundation for Early Childhood Education's cash accounts may exceed the Federal Deposit Insurance Corporation (FDIC) limit of $250,000. The collateral is held by pledging institutions trust department.

15. SUBSEQUENT EVENTS

Foundation for Early Childhood Education has evaluated events subsequent to June 30, 2025, to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through November 28, 2025, the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition or additional disclosure in the financial statements.

SUPPLEMENTAL INFORMATION

FOUNDATION FOR EARLY CHILDHOOD EDUCATION
(A California Non-Profit Corporation)
COMBINING SCHEDULE OF ACTIVITIES – PROGRAM ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2025

	Head Start Basic (100)	Head Start Basic (110)	UPK-CDI (112)	The Inclusive Early Education Expansion Program (115)	Early Head Start Basic (120)	Early Head Start Basic (121)	Head Start Extended Duration / Dosage (140)	Head Start Basic T & TA Carryover I (159)	Early Head Start T & TA (161)	Head Start T & TA (162)	Head Start Basic Carryover I (165)	Early Head Start CCP-Expansion Carryover I (171)	Early Head Start CCP-Expansion Carryover II (172)	Early Head Start CCP-Expansion T &TA (173)	Total Head Start Programs
Revenue and Support															
Federal apportionments	$ 9,189,847	$ 432,549	$ 4,800	$ 32,923	$ 1,157	$ 3,243,979	$ 409,163	$ 67,000	$ 10,800	$ 11,580	$ 744,026	$ 314,500	$ 17,770	$ 25,409	$ 14,505,503
State apportionments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other grants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest and dividend income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contract settlements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
In-kind contributions	1,016,005	-	-	-	-	515,684	-	-	-	-	-	-	-	-	1,531,689
Total revenue and support	10,205,852	432,549	4,800	32,923	1,157	3,759,663	409,163	67,000	10,800	11,580	744,026	314,500	17,770	25,409	16,037,192
Expenses															
Certified salaries	1,102,132	-	-	-	-	1,281,705	-	-	-	-	-	-	17,770	-	2,401,607
Classified salaries	3,749,430	-	1,950	-	-	623,320	-	-	-	-	-	-	-	-	4,374,700
Employee benefits	1,066,919	-	-	-	-	404,006	-	-	-	-	-	-	-	-	1,470,925
Payroll taxes	366,108	-	-	-	-	145,480	-	-	-	-	-	-	-	-	511,588
Accounting fees	18,445	-	-	-	-	5,220	-	-	-	-	-	-	-	-	23,665
Auto expense	23,331	-	-	-	-	4,703	-	-	-	-	-	-	-	-	28,034
Bank charges	5,511	-	-	-	-	1,560	-	-	-	-	-	-	-	-	7,071
Client related costs	41,879	-	-	-	-	8,455	-	-	-	-	-	-	-	-	50,334
Computer expenses	132,780	-	-	-	-	23,583	-	-	-	-	-	-	-	-	156,363
Conferences and meetings	58,012	133	-	-	-	2,278	-	42,360	10,560	11,436	-	-	-	14,709	139,488
Consultants	208,728	-	-	15,216	-	41,131	-	-	-	-	-	22,438	-	-	287,513
Contracted services, personnel	636,237	-	-	-	-	265,280	-	-	-	-	-	181,772	-	-	1,083,289
Equipment expenses	25,794	229,537	-	-	-	25,729	22,908	-	-	-	182,302	5,506	-	-	491,776
Equipment rental and maintenance	28,291	-	-	-	-	7,985	-	-	-	-	-	-	-	-	36,276
In-kind, professional services	24,570	-	-	-	-	6,930	-	-	-	-	-	-	-	-	31,500
In-kind, rent	991,435	-	-	-	-	508,754	-	-	-	-	-	-	-	-	1,500,189
Insurance	93,002	-	-	-	-	20,381	-	-	-	-	-	-	-	-	113,383
Licenses and permits	13,054	-	-	-	-	6,677	-	-	-	-	-	-	-	-	19,731
Outside services	24,150	33,250	-	-	-	9,592	-	-	-	-	-	-	-	-	66,992
Printing	60,612	-	-	-	-	6,713	-	-	-	-	27,585	13,005	-	-	107,915
Professional legal fees	231	-	-	-	-	66	-	-	-	-	-	-	-	-	297
Rent	326,062	-	-	-	-	91,971	-	-	-	-	-	-	-	-	418,033
Repairs and maintenance	374,393	150,599	-	-	-	165,543	231,633	-	-	-	534,139	11,564	-	-	1,467,871
Supplies	537,725	19,030	-	17,707	1,157	15,908	154,622	-	240	144	-	80,215	-	-	826,748
Supplies, food service	32,149	-	-	-	-	7,261	-	-	-	-	-	-	-	-	39,410
Telephone	94,818	-	-	-	-	24,995	-	-	-	-	-	-	-	-	119,813
Travel	43,800	-	-	-	-	4,198	-	24,640	-	-	-	-	-	10,700	83,338
Utilities	126,254	-	-	-	-	50,239	-	-	-	-	-	-	-	-	176,493
Total expenses	10,205,852	432,549	1,950	32,923	1,157	3,759,663	409,163	67,000	10,800	11,580	744,026	314,500	17,770	25,409	16,034,342
CHANGE IN NET ASSETS	-	-	2,850	-	-	-	-	-	-	-	-	-	-	-	2,850
NET ASSETS - beginning of year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
NET ASSETS - end of year	$ -	$ -	$ 2,850	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,850

FOUNDATION FOR EARLY CHILDHOOD EDUCATION
(A California Non-Profit Corporation)
COMBINING SCHEDULE OF ACTIVITIES – PROGRAM ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2025
(CONTINUED)

	California State Preschool Program CSPP-4195 (210)	California State Preschool Program ARPA Stipend (225)	California State Preschool Program Cost of Care (226)	CDE to LACOE LACOE to CCALA QSLA (230)	CDE to LACOE LACOE to CCALA QSLA (235)	CDE to LACOE LACOE to CCALA QSLA (240)	CDE to LACOE Conscious Discipline QSLA (260)	Child and Adult Care Food Program (300)	Private Funding (700)	Management and General	Total
Revenue and Support											
Federal apportionments	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 563,835	$ -	$ -	$ 15,069,338
State apportionments	2,032,093	-	310,611	6,000	95,096	3,600	58,000	-	-	-	2,505,400
Other grants	-	-	-	-	-	-	-	-	28,537	-	28,537
Interest and dividend income	3,768	15,678	5,588	-	388	-	-	-	935	16,373	42,730
Other revenue	-	-	-	-	-	-	-	-	-	7,185	7,185
Contract settlements	-	-	-	-	-	-	-	-	-	13,903	13,903
In-kind contributions	-	-	-	-	-	-	-	-	-	-	1,531,689
Total revenue and support	2,035,861	15,678	316,199	6,000	95,484	3,600	58,000	563,835	29,472	37,461	19,198,782
Expenses											
Certified salaries	352,135	-	-	-	-	-	-	-	-	174	2,753,916
Classified salaries	573,367	-	315,412	-	-	-	-	-	1,000	-	5,264,479
Employee benefits	298,416	-	-	-	-	-	-	-	-	-	1,769,341
Payroll taxes	93,463	-	-	-	-	-	-	-	-	-	605,051
Accounting fees	11,136	-	-	-	-	-	-	-	-	-	34,801
Auto expense	-	-	-	-	-	-	-	-	-	-	28,034
Bank charges	3,327	-	-	-	-	-	-	-	-	3,061	13,459
Client related costs	21,508	-	-	-	7,023	-	-	563,835	-	-	642,700
Computer expenses	50,311	-	-	-	-	-	-	-	-	-	206,674
Conferences and meetings	144	-	787	-	3,000	105	58,000	-	-	-	201,524
Consultants	216	-	-	-	7,101	2,888	-	-	8,250	-	305,968
Contracted services, personnel	167,157	-	-	6,000	-	-	-	-	-	-	1,256,446
Equipment expenses	-	-	-	-	-	-	-	-	-	-	491,776
Equipment rental and maintenance	17,035	-	-	-	-	-	-	-	-	-	53,311
In-kind, professional services	-	-	-	-	-	-	-	-	-	-	31,500
In-kind, rent	-	-	-	-	-	-	-	-	-	-	1,500,189
Insurance	43,480	-	-	-	-	-	-	-	-	-	156,863
Licenses and permits	3,896	-	-	-	-	-	-	-	-	-	23,627
Outside services	-	-	-	-	-	-	-	-	-	-	66,992
Printing	-	-	-	-	-	-	-	-	-	-	107,915
Professional legal fees	140	-	-	-	-	-	-	-	-	-	437
Rent	168,385	-	-	-	-	-	-	-	-	-	586,418
Repairs and maintenance	104,979	-	-	-	2,400	-	-	-	614	-	1,575,864
Supplies	23,155	-	-	-	75,572	607	-	-	19,672	-	945,754
Supplies, food service	15,484	-	-	-	-	-	-	-	-	-	54,894
Telephone	33,685	-	-	-	-	-	-	-	-	-	153,498
Travel	1,188	-	-	-	-	-	-	-	-	-	84,526
Utilities	53,254	-	-	-	-	-	-	-	-	-	229,747
Total expenses	2,035,861	-	316,199	6,000	95,096	3,600	58,000	563,835	29,536	3,235	19,145,704
CHANGE IN NET ASSETS	-	15,678	-	-	388	-	-	-	(64)	34,226	53,078
NET ASSETS - beginning of year	-	-	-	-	-	-	-	-	-	-	-
NET ASSETS - end of year	$ -	$ 15,678	$ -	$ -	$ 388	$ -	$ -	$ -	$ (64)	$ 34,226	$ 53,078

FOUNDATION FOR EARLY CHILDHOOD EDUCATION
(A California Non-Profit Corporation)
COMBINING SCHEDULE OF ACTIVITIES – CALIFORNIA STATE PRESCHOOL PROGRAM
FOR THE YEAR ENDED JUNE 30, 2025

	California State Preschool Program CSPP-4195	CDE Supporting Funding	Non-CDE Programs	Total
Revenue and Support				
Federal apportionments - Head Start	$ -	$ -	$ 14,505,503	$ 14,505,503
Federal apportionments - CACFP Food Program	563,835	-	-	563,835
State apportionments - CDE CSPP Program	2,447,400	58,000	-	2,505,400
Other grants	-	-	28,537	28,537
Interest and dividend income	9,356	16,066	17,308	42,730
Other revenue	-	-	7,185	7,185
Contract settlement	-	-	13,903	13,903
In-kind contributions	-	-	1,531,689	1,531,689
Total revenue and support	3,020,591	74,066	16,104,125	19,198,782
Expenses				
Certified salaries	352,135	-	2,401,781	2,753,916
Classified salaries	888,779	-	4,375,700	5,264,479
Employee benefits	298,416	-	1,470,925	1,769,341
Payroll taxes	93,463	-	511,588	605,051
Accounting fees	11,136	-	23,665	34,801
Auto expense	-	-	28,034	28,034
Bank charges	3,327	-	10,132	13,459
Client related costs	592,366	-	50,334	642,700
Computer expenses	50,311	-	156,363	206,674
Conferences and meetings	4,036	58,000	139,488	201,524
Consultants	10,205	-	295,763	305,968
Contracted services, personnel	173,157	-	1,083,289	1,256,446
Equipment expenses	-	-	491,776	491,776
Equipment rental and maintenance	17,035	-	36,276	53,311
In-kind, professional services	-	-	31,500	31,500
In-kind, rent	-	-	1,500,189	1,500,189
Insurance	43,480	-	113,383	156,863
Licenses and permits	3,896	-	19,731	23,627
Outside services	-	-	66,992	66,992
Printing	-	-	107,915	107,915
Professional legal fees	140	-	297	437
Rent	168,385	-	418,033	586,418
Repairs and maintenance	107,379	-	1,468,485	1,575,864
Supplies	99,334	-	846,420	945,754
Supplies, food service	15,484	-	39,410	54,894
Telephone	33,685	-	119,813	153,498
Travel	1,188	-	83,338	84,526
Utilities	53,254	-	176,493	229,747
Total expenses	3,020,591	58,000	16,067,113	19,145,704
CHANGE IN NET ASSETS	$ -	$ 16,066	$ 37,012	$ 53,078

FOUNDATION FOR EARLY CHILDHOOD EDUCATION
(A California Non-Profit Corporation)
SCHEDULE OF CLAIMED EQUIPMENT EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2025

	California State Preschool Program CSPP-4195	Total Costs
Capitalized equipment expense on the AUD with prior written CDE approval:		
Item:		
None	$ -	$ -
Total:	-	-
Capitalized equipment expense on the AUD without prior written CDE approval:		
Item:		
None	-	-
Total:	-	-
Total Equipment Expenditures	$ -	$ -

Foundation for Early Childhood Education, Inc.'s capitalization threshold is $5,000 or more.

FOUNDATION FOR EARLY CHILDHOOD EDUCATION
(A California Non-Profit Corporation)
SCHEDULE OF CLAIMED EXPENDITURES FOR RENOVATIONS AND REPAIRS
FOR THE YEAR ENDED JUNE 30, 2025

	California State Preschool Program CSPP-4195	Total Costs
Capitalized R&R project under $10,000:		
Various Items:		
None	$ -	$ -
Total:	-	-
Capitalized R&R project of $10,000 or more with prior written approval:		
Item:		
None	-	-
Total:	-	-
Capitalized R&R project of $10,000 or more without prior written approval:		
Item:		
None	-	-
Total:	-	-
Total Expenditures for Renovations and Repairs	$ -	$ -

Foundation for Early Childhood Education, Inc.'s capitalization threshold is $5,000 or more.

FOUNDATION FOR EARLY CHILDHOOD EDUCATION
(A California Non-Profit Corporation)
SCHEDULE OF CLAIMED ADMINISTRATIVE COSTS
FOR THE YEAR ENDED JUNE 30, 2025

	California State Preschool Program CSPP-4195	Total Costs
Salaries and wages	$ 181,642	$ 181,642
Employee benefits	42,522	42,522
Book, supplies and equipment replacement	36,468	36,468
Contracted servcies and other operating expenses	34,715	34,715
Total administrative costs	$ 295,347	$ 295,347

FOUNDATION FOR EARLY CHILDHOOD EDUCATION
(A California Non-Profit Corporation)
SCHEDULE OF EXPENDITURES BY STATE CATEGORIES
FOR THE YEAR ENDED JUNE 30, 2025

		California State Preschool Program CSPP-4195	Total Reimbursable Costs
1000	CERTIFICATED SALARIES	$ 352,135	$ 352,135
2000	CLASSIFIED SALARIES	888,779	888,779
3000	EMPLOYEE BENEFITS	391,879	391,879
4000	BOOKS, SUPPLIES AND EQUIPMENT	38,639	38,639
5000	SERVICES AND OTHER OPERATING EXPENSES	1,244,463	1,244,463
6100/6200	OTHER APPROVED CAPITAL OUTLAY	-	-
6400	NEW EQUIPMENT (PROGRAM-RELATED)	-	-
6500	EQUIPMENT REPLACEMENT (PROGRAM-RELATED)	-	-
START-UP/CLOSE-DOWN EXPENSES		-	-
DEPRECIATION OR USE ALLOWANCE		-	-
INDIRECT COSTS		-	-
	Total Expenses Claimed for Reimbursement	2,915,895	2,915,895
SUPPLEMENTAL EXPENSES		104,696	104,696
	TOTAL EXPENDITURES	$ 3,020,591	$ 3,020,591

FOUNDATION FOR EARLY CHILDHOOD EDUCATION
(A California Non-Profit Corporation)
NOTES TO THE CHILD CARE AND DEVELOPMENT PROGRAM
SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2025

In accordance with the applicable requirements from the Funding Terms & Conditions:

1. Interest expense is only allowable as a reimbursable cost in certain circumstances when it has been preapproved by the administering state department or relates to the lease purchase, acquisition, or repair or renovation of early learning and care facilities owned or leased by the contractor. Foundation for Early Childhood Education had no interest expense claimed as a reimbursable expense for the year ended June 30, 2025.

2. All expenses claimed for reimbursement under a related party rent transaction must be supported by a fair market rental estimate from an independent appraiser, licensed by the California Office of Real Estate Appraisers. There was no related party rent expense claimed as a reimbursable expense for the year ended June 30, 2025.

3. Bad debt expense is unallowable unless it relates to uncollected family fees where documentation of adequate collection attempts exists. No bad debt expense was claimed to a child development contract for the year ended June 30, 2025.

AUDITED FINAL ATTENDANCE AND FISCAL REPORT FORMS

Contractor Name: Foundation for Early Childhood Education

Contract Number: CSPP-4195

Fiscal Year Ended: June 30, 2025

Vendor Code: 19-G487-00-4

California Department of Education Audited Enrollment, Attendance, and Fiscal Report for California State Preschool Program

Section 1 – Number of Counties Where Services are Provided

Number of counties where the agency provided services to certified children (Form 1): **1**

Number of counties where the agency provided mental health consultation services to certified children (Form 2): **0**

Number of counties where the agency provided services to non-certified children (Form 3): **0**

Number of counties where the agency provided mental health consultation services to non-certified children (Form 4): **0**

Total enrollment and attendance forms to attach: **1**

Note: For each of the above categories, submit one form for each service county.

Section 2 – Days of Enrollment, Attendance and Operation

Enrollment and Attendance Form Summary	Column A Cumulative FY per CPARIS	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjusted Days per Audit
Total Certified Days of Enrollment	38,575	0	38,575	37,631.8654
Total Certified Days of Enrollment with Mental Health Consultation Services	0	0	0	0.0000
Days of Attendance (including MHCS)	37,741	0	37,741	N/A
Total Non-Certified Days of Enrollment	0	0	0	0.0000
Total Non-Certified Days of Enrollment with Mental Health Consultation Services	0	0	0	0.0000

Days of Operation	Column A Cumulative FY per CPARIS	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjusted Days per Audit
Days of Operation	175	0	175	N/A

Section 3 – Revenue

Restricted Income	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Child Nutrition Programs	563,835	0	563,835
Exceptional Needs/Severely Disabled Service Level Exemption Credit			0
County Maintenance of Effort (EC Section 8260)			0
American Rescue Plan Act (ARPA)	0	0	0
Other: Cost of Care Plus Rate	309,216	1,395	310,611
Other:			0
TOTAL RESTRICTED INCOME	**873,051**	**1,395**	**874,446**

Transfer from Reserve	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Transfer from Preschool Reserve Account	0		0

Other Income	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Family Fees for Certified Children			0
Interest Earned on Apportionment Payments	3,768	5,588	9,356
Unrestricted Income: Fees for Non-Certified Children			0
Unrestricted Income: Head Start			0
Other:			0

Section 4 - Reimbursable Expenses

Cost Category	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Direct Payments to Providers (FCCH only)			0
Direct Payments to Subcontractors: Cost of Care Plus & One-Time Allocations Only			0
1000 Certificated Salaries	352,134	1	352,135
2000 Classified Salaries	888,779	0	888,779
3000 Employee Benefits	390,987	892	391,879
4000 Books and Supplies	44,988	(6,349)	38,639
5000 Services and Other Operating Expenses	1,232,024	12,439	1,244,463
6100/6200 Other Approved Capital Outlay			0
6400 New Equipment (program-related)			0
6500 Equipment Replacement (program-related)			0
6600 Lease Assets (used in governmental funds only)			0
Depreciation or Use Allowance			0
Start-up Expenses (service level exemption)			0
Indirect Costs (included in Total Administrative Cost)			0
TOTAL REIMBURSABLE EXPENSES	**2,908,912**	**6,983**	**2,915,895**

Section 4 - Reimbursable Expenses (cont.)

Specific Items of Reimbursable Expenses	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Total Administrative Cost (included in Reimbursable Expenses)	303,695	(8,348)	295,347
Total Staff Training Cost (included in Reimbursable Expenses) *Total Program Closure Only (Management Bulletin 19-05)*	27,791	0	27,791
Total Exceptional Needs/Severely Disabled Service Level Exception Credit Expense (included in Reimbursable Expenses)			0

Section 5 - Supplemental Funding

Supplemental Revenue	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Enhancement Funding			0
Other: Quality Start Los Angeles	104,696	0	104,696
Other:			0
TOTAL SUPPLEMENTAL REVENUE	**104,696**	**0**	**104,696**

Supplemental Expenses	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
1000 Certificated Salaries			0
2000 Classified Salaries			0
3000 Employee Benefits			0
4000 Books and Supplies		76,179	76,179
5000 Services and Other Operating Expenses	104,696	(76,179)	28,517
6000 Equipment / Capital Outlay			0
Depreciation or Use Allowance			0
Indirect Costs			0
Non-Reimbursable Supplemental Expenses			0
TOTAL SUPPLEMENTAL EXPENSES	**104,696**	**0**	**104,696**

Section 6 - Summary

Description	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Total Certified Days of Enrollment (including MHCS)	38,575	0	38,575
Days of Operation	175	0	175
Days of Attendance (including MHCS)	37,741	0	37,741
Total Certified Adjusted Days of Enrollment	N/A	N/A	37,631.8654
Total Non-Certified Adjusted Days of Enrollment	N/A	N/A	0.0000
Restricted Program Income	873,051	1,395	874,446
Transfer from Preschool Reserve Account	0	0	0
Family Fees for Certified Children	0	0	0
Interest Earned on Apportionment Payments	3,768	5,588	9,356
Direct Payments to Providers	0	0	0
Start-up Expenses (service level exemption)	0	0	0
Total Reimbursable Expenses	2,908,912	6,983	2,915,895
Total Administrative Cost	303,695	(8,348)	295,347
Total Staff Training Cost	27,791	0	27,791
Total Exceptional Needs/Severely Disabled Service Level Exemption Credit Expenses (included in total Reimbursable Expenses)	0	0	0
Non-Reimbursable Cost (State Use Only)	N/A	N/A	

Section 7 – Auditor's Assurances

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

Eligibility, enrollment and attendance records are being maintained as required (Select YES or NO): ☑ Yes ☐ No

Reimbursable expenses claimed in Section 4 are eligible for reimbursement, reasonable, necessary, and adequately supported (Select YES or NO): ☑ Yes ☐ No

Section 8 – Comments

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

California State Preschool Program – Form 1
Certified Children Days of Enrollment and Attendance

Service County: Los Angeles

Enrollment Description	Column A Cumulative FY per CPARIS June Report	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Two Years Old and Three Years Old Full-time-plus			0	2.1240	0.0000
Two Years Old and Three Years Old Full-time			0	1.8000	0.0000
Two Years Old and Three Years Old Part-time	15,652	0	15,652	1.1401	17,844.8452
Four Years and Older Full-time-plus			0	1.1800	0.0000
Four Years and Older Full-time			0	1.0000	0.0000
Four Years and Older Part-time	16,983	0	16,983	0.6334	10,757.0322
Exceptional Needs Full-time-plus (Active IEP/IFSP Only)			0	2.8320	0.0000
Exceptional Needs Full-time (Active IEP/IFSP Only)			0	2.4000	0.0000
Exceptional Needs Part-time(Active IEP/IFSP Only)	4,164	0	4,164	1.5202	6,330.1128
Dual Language Learner Full-time-plus			0	1.4160	0.0000
Dual Language Learner Full-time			0	1.2000	0.0000
Dual Language Learner Part-time			0	0.6334	0.0000

Contractor Name: Foundation for Early Childhood Education **Contract Number: CSPP-4195**

Enrollment Description	Column A Cumulative FY per CPARIS June Report	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
At Risk of Abuse or Neglect Full-time-plus			0	1.2980	0.0000
At Risk of Abuse or Neglect Full-time			0	1.1000	0.0000
At Risk of Abuse or Neglect Part-time			0	0.6334	0.0000
Severely Disabled Full-time-plus (Active IEP/IFSP Only)			0	2.8320	0.0000
Severely Disabled Full-time (Active IEP/IFSP Only)			0	2.4000	0.0000
Severely Disabled Part-time (Active IEP/IFSP Only)	1,776		1,776	1.5202	2,699.8752
TOTAL CERTIFIED DAYS OF ENROLLMENT	**38,575**	**0**	**38,575**	N/A	**37,631.8654**

Attendance	Column A Cumulative FY per CPARIS June Report	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
DAYS OF ATTENDANCE	**37,741**	**0**	**37,741**	N/A	N/A

Enter the sum of Total Certified Days of Enrollment from all Form 1s in the Total Certified Days of Enrollment line of AUD 8501, Section 2.

Enter the sum of Days of Attendance from all Form 1s and Form 2s in the Days of Attendance line of AUD 8501, Section 2.

California Department of Education
Audited Preschool Reserve Account Activity Report

Fiscal Year Ending: June 30, 2025
Vendor Code: 19-G487-00-4

Contractor Name: Foundation for Early Childhood Education

Section 1 – Prior Year Reserve Account Activity

1. Beginning Balance (2023–24 AUD 9530A Ending Balance): 0

2. Plus Transfers to Reserve Account:

2023–24 Contract No.	Per 2023–24 Post-Audit EENFS 9530
	0
Total Transferred from 2023–24 Contracts	**0**

3. Less Excess Reserve to be Billed:
4. 2023–24 EENFS 9530 Reserve Balance After Billing: 0

Section 2 – Current Year Reserve Account Activity

5. Plus Interest Earned This Year on Reserve:

Description	Column A per CPARIS	Column B Audit Adjustments	Column C Total per Audit
Interest Earned	0		0

6. Less Transfers to Contracts from Reserve:

2024–25 Contract No.	Column A per CPARIS	Column B Audit Adjustments	Column C Total per Audit
			0
			0
			0
Total Transferred to Contracts	**0**	**0**	**0**

7. Ending Balance:

Description	Column A per CPARIS	Column B Audit Adjustments	Column C Total per Audit
Ending Balance on June 30, 2025	0	0	0

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

2023–24 AUD 9530A Ending Balance is still pending from CDE.
$2,835 is the preliminary contract closure calculation.

INFORMATION REQUIRED BY *GOVERNMENT AUDITING STANDARDS* AND THE UNIFORM GUIDANCE

VASIN, HEYN & COMPANY
ABOVE THE BRIGHT LINE

AN ACCOUNTANCY CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS | AUDITORS AND ADVISERS

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

To the Board of Directors of
Foundation for Early Childhood Education
(A California Non-Profit Corporation)
Pasadena, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Foundation for Early Childhood Education (A California Non-Profit Corporation), 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, and have issued our report thereon dated November 28, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Foundation for Early Childhood Education's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Foundation for Early Childhood Education's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation for Early Childhood Education's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Foundation for Early Childhood Education financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Foundation for Early Childhood Education's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Foundation for Early Childhood Education's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Calabasas, California
November 28, 2025

VASIN, HEYN & COMPANY
ABOVE THE BRIGHT LINE
AN ACCOUNTANCY CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS | AUDITORS AND ADVISERS

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors of
Foundation for Early Childhood Education
(A California Non-Profit Corporation)
Pasadena, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Foundation for Early Childhood Education's (A California Non-Profit Corporation) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Foundation for Early Childhood Education's major federal programs for the year ended June 30, 2025. Foundation for Early Childhood Education's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Foundation for Early Childhood Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Foundation for Early Childhood Education and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Foundation for Early Childhood Education's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Foundation for Early Childhood Education's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Foundation for Early Childhood Education's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Foundation for Early Childhood Education's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, 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 Foundation for Early Childhood Education's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of Foundation for Early Childhood Education's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Foundation for Early Childhood Education's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Vasin, Heyn + Co.

Calabasas, California
November 28, 2025

FOUNDATION FOR EARLY CHILDHOOD EDUCATION
(A California Non-Profit Corporation)
SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND LOCAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025
FEIN: 95-2462664

Federal Grant / Pass-Through Grantor / Program	Assistance Listing Number	(D)irect or (P)ass-Through	Pass-Through Entity Number	Pass-Through Grantee Number	Award Amount	Disbursements/ Expenditures	Payments to Subrecipients
FEDERAL FUNDING							
U.S. Department of Health and Human Services:							
Passed Through the Los Angeles County Office of Education							
Head Start Basic (07/01/2024-06/30/2025)	93.600	P	10016	C-24436:24:25	$ 9,189,847	$ 9,189,847	$ -
Early Head Start Basic (07/01/2024-06/30/2025)	93.600	P	10016	C-24436:24:25	3,243,979	3,243,979	-
Early Head Start Training and Technical Assistant (07/01/2024-06/30/2025)	93.600	P	10016	C-24436:24:25	10,800	10,800	-
Head Start Training and Technical Assistant (07/01/2024-06/30/2025)	93.600	P	10016	C-24436:24:25	11,580	11,580	-
Head Start Basic (07/01/2023-06/29/2025)	93.600	P	10016	C-23435:23:25	7,447,897	432,549	-
Head Start Extended Duration (07/01/2023-06/29/2025)	93.600	P	10016	C-23435:23:25	2,035,924	409,163	-
Head Start Basic Training and Technical Assistance Carryover I (07/01/23-06/29/25)	93.600	P	10016	C-23435:23:25	67,000	67,000	-
Head Start Basic Carryover I (07/01/2023-06/29/2025)	93.600	P	10016	C-23435:23:25	834,000	744,026	-
Head Start Training and Technical Assistance (07/01/2023-06/29/2025)	93.600	P	10016	C-23435:23:25	11,580	-	-
Early Head Start (07/01/2023-06/29/2025)	93.600	P	10016	C-23435:23:25	2,720,329	1,157	-
Early Head Start-CCP Expansion (07/01/2022-02/27/2025)	93.600	P	10016	C-22519:22:25	484,483	-	-
Early Head Start-CCP Expansion Carryover I (07/01/2022-02/27/2025)	93.600	P	10016	C-22519:22:25	603,500	314,500	-
Early Head Start-CCP Expansion Carryover II (07/01/2022-02/27/2025)	93.600	P	10016	C-22519:22:25	119,800	17,770	-
Early Head Start CCP Expansion Training and Technical Assistance (07/01/22-02/27/2025)	93.600	P	10016	C-22519:22:25	25,409	25,409	-
Head Start	**93.600**				**26,806,128**	**14,467,780**	**-**
Total U.S. Department of Health and Human Services					**$ 26,806,128**	**$ 14,467,780**	**$ -**
U.S. Department of Agriculture:							
Passed Through the California Department of Social Services							
Child and Adult Care Food Program	**10.558**	P		04534-CACFP-19-NP-CS	**$ 563,835**	**$ 563,835**	**$ -**
Total U.S. Department of Agriculture:					**$ 563,835**	**$ 563,835**	**$ -**
TOTAL FEDERAL AWARDS:					**$ 27,369,963**	**$ 15,031,615**	**$ -**
STATE FUNDING							
California Department of Education							
Child Development Services:							
California State Preschool Program		P		CSPP-4195	$ 2,032,093	$ 2,032,093	$ -
Cost of Care Plus Rate (SB140-Transitional Payments for Providers and CSPP Centers)		P			510,777	310,611	-
					2,542,870	**2,342,704**	**-**
Passed Through Child Care Alliance of Los Angeles							
Child Care Alliance of Los Angeles Quality Start Los Angeles Agreement (07/01/23-06/30/24)		P			$ 6,000	$ 6,000	$ -
Child Care Alliance of Los Angeles Quality Start Los Angeles Agreement (07/01/24-06/30/25		P			95,096	95,096	-
Child Care Alliance of Los Angeles Quality Start Los Angeles Agreement (07/01/24-06/30/25		P			3,600	3,600	-
					104,696	**104,696**	**-**
Passed Through Los Angeles County Office of Education							
Conscious Discipline (10/28/24-06/30/25)		P		602837	58,000	58,000	-
EETGD (11/27/24-06/30/26)		P		602880	25,000	-	-
					83,000	**58,000**	**-**
TOTAL STATE AWARDS:					**$ 2,730,566**	**$ 2,505,400**	**$ -**
LOCAL FUNDING							
Los Angeles County Office of Education							
The Inclusive Early Education Expansion Program (IEEEP) 06/01/2021 - 10/31/2024)	93.600	P	10016	C-21226:21:25	$ 77,995	$ 32,923	$ -
Universal Prekindergarten-Career Development Initiative (UPK-CDI) (02/01/23-06/30/26)				C-23234	32,000	1,950	-
TOTAL LOCAL FUNDING AWARDS:					**$ 109,995**	**$ 34,873**	**$ -**
TOTAL FEDERAL, STATE AND LOCAL AWARDS:					**$ 30,210,524**	**$ 17,571,888**	**$ -**

FOUNDATION FOR EARLY CHILDHOOD EDUCATION
(A California Non-Profit Corporation)
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND LOCAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal, State and Local Awards (the "Schedule") includes the federal grant activity of Foundation for Early Childhood Education under programs of the federal government for the year ended June 30, 2025. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Because the schedule presents only a selected portion of the operations of Foundation for Early Childhood Education, it is not intended to and does not present the financial position, changes in net assets or cash flows of Foundation for Early Childhood Education.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

3. DE MINIMIS INDIRECT COST RATE

Foundation for Early Childhood Education did not elect to use the 10% de minimis indirect cost rate for the year ended June 30, 2025.

4. LOAN AND LOAN GUARANTEE

Foundation for Early Childhood Education did not have any balances of loan and loan guarantee programs outstanding at June 30, 2025 for loans described in 2 CFR section 200.50(b).

5. IN-KIND CONTRIBUTIONS

The Schedule of Federal, State and Local Awards of Foundation for Early Childhood Education does not include in-kind contributions received during the year. The value of the in-kind contributions required to meet the federal match requirement of its Head Start Programs for the year ended June 30, 2025 was $4,117,521.

FOUNDATION FOR EARLY CHILDHOOD EDUCATION
(A California Non-Profit Corporation)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified			
Internal control over financial reporting:				
• Material weakness(es) identified?		Yes	X	No
• Significant deficiency(ies) identified?		Yes	X	None Reported
Noncompliance material to financial statements noted?		Yes	X	No

Federal Awards

Internal control over major federal programs:				
• Material weakness(es) identified?		Yes	X	No
• Significant deficiency(ies) identified?		Yes	X	None Reported
Type of auditors' report issued on compliance for major federal programs:	Unmodified			
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?		Yes	X	No

Identification of major federal programs:

Assistance Listing Number(s)	Name of Federal Program or Cluster
93.600	Head Start
10.558	Child and Adult Care Food Program

Dollar threshold used to distinguish between type A and type B programs:	$750,000			
Auditee qualified as low-risk auditee?	X	Yes		No

Section II - Financial Statement Findings

No matters were reported.

Section III - Federal Award Findings and Questioned Costs

No matters were reported.

FOUNDATION FOR EARLY CHILDHOOD EDUCATION
(A California Non-Profit Corporation)
SCHEDULE OF CURRENT AND PRIOR YEARS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025

CURRENT YEAR

2025 Findings:

There were no 2025 findings noted.

2025 Questioned Costs:

There were no 2025 questioned costs noted.

PRIOR YEARS

2024 Findings

There were no 2024 findings noted.

2024 Questioned Costs:

There were no 2024 questioned costs noted.

2023 Findings:

There were no 2023 findings noted.

2023 Questioned Costs:

There were no 2023 questioned costs noted.