Financial Statements
June 30, 2026

Irvine Child Care Project

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Independent Auditor's Report

To the Board of Directors
Irvine Child Care Project
Irvine, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and the major fund of Irvine Child Care Project (the Authority), a California Joint Powers Authority, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of Irvine Child Care Project, as of June 30, 2026, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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 (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority 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 the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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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 opinions. 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 the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority'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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 9 and the budgetary comparison information on page 24 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying supplementary information, presented on pages 26 through 48, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information presented on pages 26 through 48 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2026 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the Authority'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 the Authority's internal control over financial reporting and compliance.

Eide Bailly LLP

Ontario, California
November 10, 2026

Introduction

The following discussion and analysis provides an overview of the financial position and activities of the Irvine Child Care Project (the Authority), a California Joint Powers Authority, for the year ended June 30, 2026, with comparative information for the year ended June 30, 2025. This discussion has been prepared by management and should be read in conjunction with the financial statements and notes thereto which follow this section.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in its Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, issued June 1999. Certain comparative information between the current and the prior year is required to be presented in the MD&A.

The Irvine Child Care Project was established on November 27, 1984, through a joint powers authority agreement entered into by the City of Irvine and the Irvine Unified School District.

The primary purpose of the Authority is to facilitate the provision of child care and child development opportunities utilizing Irvine Unified School District elementary sites by leasing portable classrooms to non-profit groups that operate child care programs within the City.

Statement of Net Position

The Statement of Net Position presents the assets and liabilities of the Authority as of the end of the fiscal year and is prepared using the accrual basis of accounting, which is similar to the accounting basis used by most private-sector organizations. The Statement of Net Position is a point of time financial statement whose purpose is to present to the readers a fiscal snapshot of the Authority. The Statement of Net Position presents end-of-year data concerning assets (current and noncurrent), liabilities (current and noncurrent), and net position (assets minus liabilities).

From the data presented, readers of the Statement of Net Position are able to determine the assets available to continue the operations of the Authority. Readers are also able to determine the amount owed by the Authority to vendors and employees. Finally, the Statement of Net Position provides a picture of the net position and the availability of those assets for expenditure.

The difference between total assets and total liabilities (net position) is one indicator of the current financial condition of the Authority, and the change in net position is an indicator of whether the overall financial condition has improved or worsened during the year. Assets and liabilities are generally measured using current values. One notable exception is capital assets, which are stated at historical cost less an allocation for depreciation expense.

The Net Position is presented in three major categories. The first category provides the information in regards to equity amounts in property, plant, and equipment owned by the Authority. The second category provides information on amounts restricted for special purposes. The third category provides information on unrestricted net position that are available for obligations as may be approved by the Board.

The Statement of Net Position is summarized below:

	2026	2025	Percentage Variance
Assets			
Current and other assets	$ 3,694,248	$ 3,460,929	6.74%
Capital assets, net	2,345,612	2,543,596	(7.78%)
Total assets	6,039,860	6,004,525	0.59%
Liabilities			
Current liabilities	625,372	537,924	16.26%
Net Position			
Net investment in capital assets	2,345,612	2,543,596	(7.78%)
Unrestricted	3,068,876	2,923,005	4.99%
Total net position	$ 5,414,488	$ 5,466,601	(0.95%)

The Current assets are $3,694,248, an increase of $233,319, or 6.74% ($3,694,248 compared to $3,460,929). Deposits and investments increased by $242,804 due to rent increases, additional grant revenue, and increased state funding for SB140 and SB151.

The Current liabilities are $625,372, an increase of $87,448, or 16.26% ($625,372 compared to $537,924). Unearned revenue increased by $55,812 due to a CDSS advance payment for Q1 2026-27 received in 2025-26.

The $3,068,876 in unrestricted net position of governmental activities represents the accumulated results of all past years' operations. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements increased by $145,871, or 4.99% ($3,068,876) in the current year when compared to ($2,923,005) from the prior year.

Statement of Activities

Changes in total net position are presented in the Statement of Activities. The purpose of this statement is to present the results of operations and includes revenues earned, whether received or not by the Authority, and the expenses incurred, whether paid or not by the Authority.

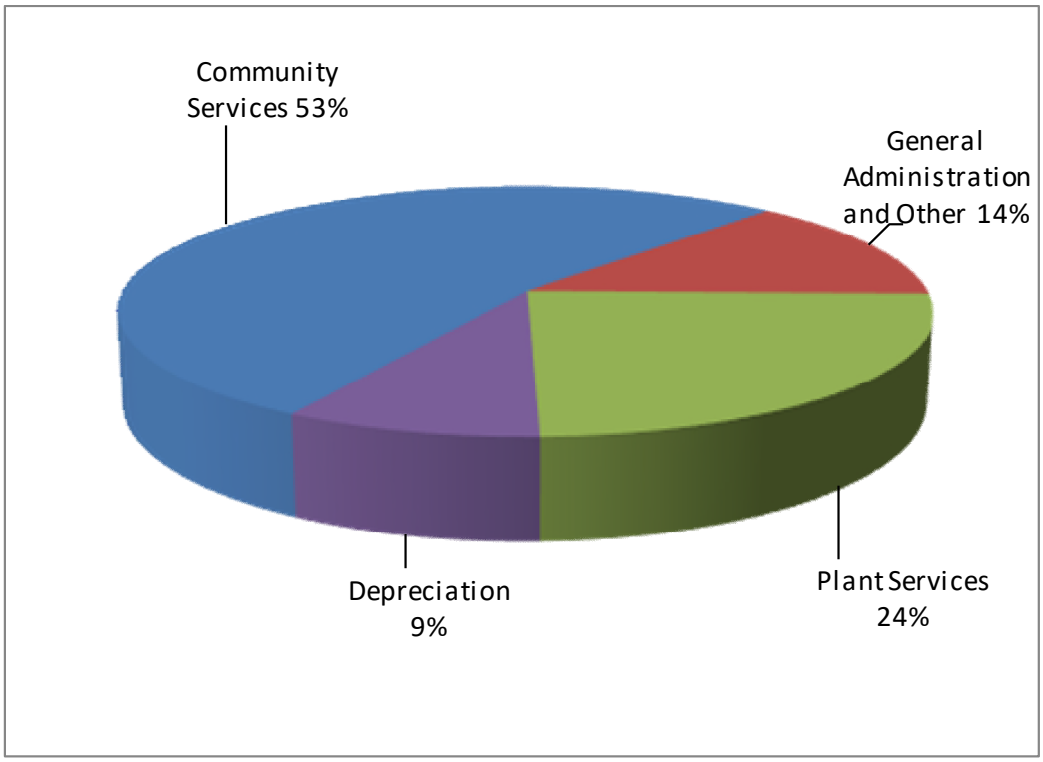
The Statement of Activities is summarized below:

	2026	2025	Percentage Variance
Revenues			
Program revenues			
Contract fees	$ 1,990,376	$ 1,970,668	1.00%
Grants	1,616,447	1,497,811	7.92%
General revenues			
Interest and investment earnings	125,950	170,848	(26.28%)
Total revenues	3,732,773	3,639,327	2.57%
Expenses			
Community services	2,018,817	1,781,310	13.33%
Other outgo	204,702	142,223	43.93%
General administration	312,895	362,843	(13.77%)
Plant services	916,956	877,978	4.44%
Debt service interest	-	259	(100.00%)
Depreciation-unallocated	331,516	350,267	(5.35%)
Total expenses	3,784,886	3,514,880	7.68%
Change in Net Position	(52,113)	124,447	(141.88%)
Net Position, Beginning	5,466,601	5,342,154	2.33%
Net Position, Ending	$ 5,414,488	$ 5,466,601	(0.95%)

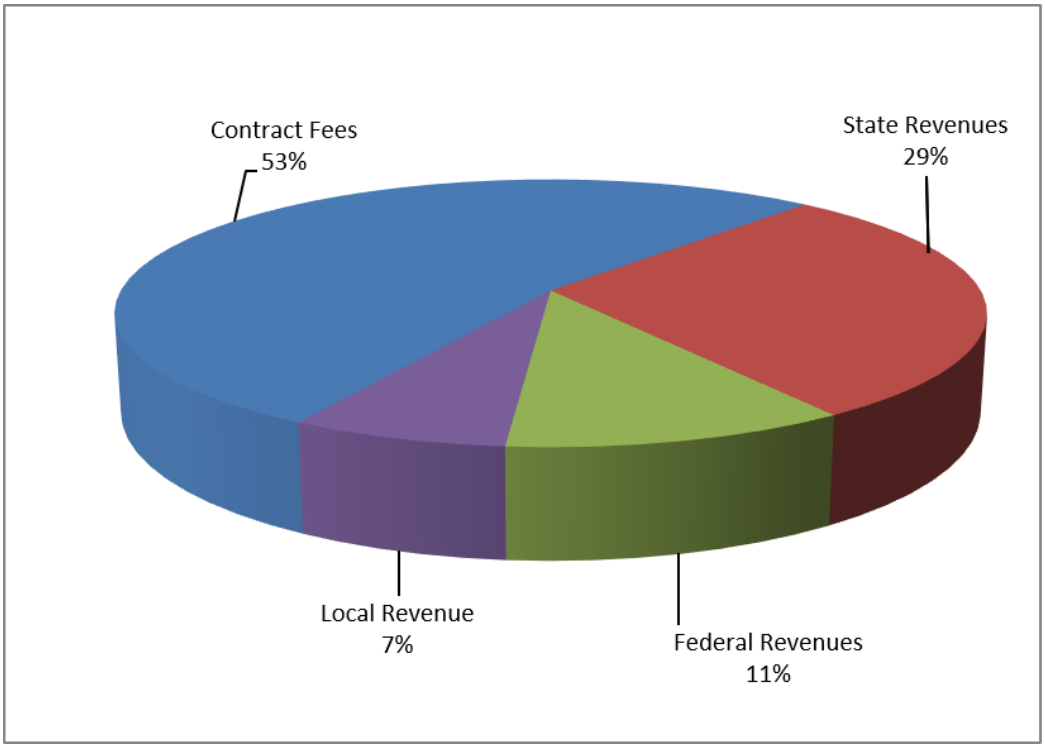
The net position of the Authority's activities was $5,414,488, a decrease of $52,113, or 0.95% ($5,414,488 compared to $5,466,601). Various events contributed to the decrease in net position; however, the following primary factors affecting the change in net position:

1. Increase in grants was $118,636 or 7.92% ($1,616,447 compared to $1,497,811). The increase was primarily attributed to higher days of enrollment and higher attendance percentages.
2. Decrease in interest and investment earnings was $44,898 or 26.28% ($125,950 compared to $178,848). The decrease was primarily attributed to a lower fair market value of the cash in county treasury at year-end.
3. Increases in expenses for certain functions. The increase was primarily attributed to higher program coordination costs and more scholarships granted to students.

Expenses for Governmental Activities



Revenue Sources for Governmental Activities



The activities of the Authority are fully supported by contract fees and grants and contributions.

Fund Financial Statements

More detailed information about the Authority's General Fund, not the Authority as a whole, is provided in the fund financial statements. Funds are accounting formats the Authority uses to keep track of specific sources of funding and expenditures in particular programs. Some funds are required by State law and other funds are established by the Authority to control and manage a variety of activities for particular purposes. Other funds may also address specific accounting requirements for certain revenue and expenditure classifications (such as Federal grants).

The Authority maintains only one class of fund:

Governmental Funds: All of the Authority's basic services are included in governmental funds, which generally focus on how cash and other financial assets can readily be converted to cash flow (in and out) and the balances left at year-end that are available for expenditure in subsequent years. A detailed short-term view is provided by the governmental fund statements. This helps determine whether there are more or fewer financial resources that can be spent in the near future for financing the Authority's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided in the reconciliation provided after the governmental fund statements that explains the differences (or relationships).

FINANCIAL HIGHLIGHTS

This section provides an overview of the Authority's financial activities.

- Revenues for the General Fund were $145,871 more than expenditures with overall revenues at $3,732,773.

- Interest income and the change in fair market value of the cash in county treasury of $125,950. Interest income was primarily generated by the cash invested in the Orange County Treasury.

- One of the Authority's largest operating expenses are primarily for community services. The Authority expended $2,018,817 of the total General Fund budget on these programs, which is an increase of $237,507 or 13.3% from last year. The increase is due to projected increases for step and column and benefit increases for contract services' employees.

CAPITAL ASSETS

As of June 30, 2026, the Authority had $9,049,573 invested in capital assets, primarily related to facilities and other capital improvements.

Note 4 to the financial statements provide additional information on capital assets. A summary of capital assets, net of depreciation, is presented below:

	2026	2025
Site improvements	$ 610,492	$ 610,492
Buildings and improvements	8,054,738	7,992,410
Equipment	384,343	313,139
Less: Accumulated depreciation	(6,703,961)	(6,372,445)
Net capital assets	$ 2,345,612	$ 2,543,596

The decrease in capital assets is due to the depreciation of site improvements, buildings and improvements, and equipment.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

At the time these financial statements were prepared and audited, the only known circumstance that could significantly affect its financial health in the future would be the State's continuing economic decline and its impact on the State budget.

Contacting the Authority's Financial Management

This financial report is designed to provide the community, investors, creditors, etc. with a general overview of the Authority's financial condition and to show the Authority's accountability for the funding it receives. If you have questions regarding this report or need additional financial information, contact:

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Irvine, CA 92604
(949) 936-5035
Johnfogarty@iusd.org

	Governmental Activities
Assets	
Deposits and investments	3,640,584
Receivables	53,664
Capital assets, net of accumulated depreciation	2,345,612
Total assets	6,039,860
Liabilities	
Accounts payable	569,560
Unearned revenue	55,812
Total liabilities	625,372
Net Position	
Net investment in capital assets	2,345,612
Unrestricted	3,068,876
Total net position	$ 5,414,488

Irvine Child Care Project
Statement of Activities
Year Ended June 30, 2026

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities
Governmental Activities				
Community services	$ 2,018,817	$ 1,990,376	$ 1,483,490	$ 1,455,049
Other outgo	204,702	-	132,957	(71,745)
General administration	312,895	-	-	(312,895)
Plant services	916,956	-	-	(916,956)
Depreciation - unallocated	331,516	-	-	(331,516)
Total governmental activities	$ 3,784,886	$ 1,990,376	$ 1,616,447	(178,063)
General Revenues				
Interest and investment earnings				125,950
Change in Net Position				(52,113)
Net Position - Beginning				5,466,601
Net Position - Ending				$ 5,414,488

Irvine Child Care Project
Balance Sheet – Governmental Fund
June 30, 2026

	General Fund
Assets	
Deposits and investments	$ 3,640,584
Receivables	53,664
Total assets	$ 3,694,248
Liabilities and Fund Balance	
Liabilities	
Accounts payable	$ 569,560
Unearned revenue	55,812
Total liabilities	625,372
Fund Balance	
Unassigned	3,068,876
Total liabilities and fund balance	$ 3,694,248

Total Fund Balance - Governmental Fund		$ 3,068,876
Amounts reported for governmental activities in the Statement of Net Position are different due to the following:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental fund.		
The cost of capital assets is	$ 9,049,573	
Accumulated depreciation is	(6,703,961)	
Net capital assets		2,345,612
Total net position - governmental activities		$ 5,414,488

	General Fund
Revenues	
State general child care grant	$ 1,077,558
Federal general child care grant	338,721
Federal apportionments	67,211
Contract fees	1,990,376
Interest and investment earnings	125,950
Other income	132,957
Total revenues	3,732,773
Expenditures	
Community services	2,018,817
Other outgo	204,702
General administration	312,895
Plant services	1,050,488
Total expenditures	3,586,902
Net Change in Fund Balance	145,871
Fund Balance - Beginning	2,923,005
Fund Balance - Ending	$ 3,068,876

Total Net Change in Fund Balance - Governmental Fund		$ 145,871
Amounts reported for governmental activities in the Statement of Activities are different due to the following:		
Capital outlays to purchase or build capital assets are reported in governmental fund as expenditures; however, for governmental activities, those costs are shown in the Statement Net Position and allocated over their estimated useful lives as annual depreciation and amortization expenses in the Statement of Activities.		
This is the amount by which depreciation expense exceeds capital outlays in the period.		
Depreciation expense	$ (331,516)	
Capital outlays	133,532	
Net expense adjustment		(197,984)
Change in net position of governmental activities		$ (52,113)

Note 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

The Irvine Child Care Project (the Authority), a California Joint Powers Authority, was established on November 27, 1984, through a joint powers authority agreement (the Agreement) entered into by the City of Irvine (the City) and the Irvine Unified School District (the District).

The primary purpose of the Authority is to facilitate the provision of child care and child development opportunities utilizing Irvine Unified School District elementary sites by leasing portable classrooms to non-profit groups that operate child care programs within the City.

The Authority is also allocated child care and child care related funds through the California Department of Social Services (CDSS). The Authority subcontracts in full with Catalyst Family Incorporated under CCTR-5213, an independent, non-profit organization to deliver subsidized child development services to District children. Certain supplemental financial information is included for the Authority and its subcontractor. The Authority pays the subcontractor at a rate of approximately $60.03 per child per day of enrollment. The rate is the $61.26 State maximum rate less an administrative fee of two percent.

The Governing Board (the Board) of the Authority administers the Agreement and the Authority. The Authority is a public entity separate from the respective parties of the Agreement. The Board carries out the managerial and financial functions of the Authority and is responsible for all of its debts and obligations.

Basis of Presentation – Fund Accounting

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB).

The Authority's basic financial statements consist of government-wide financial statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the Authority as a whole. The Statement of Net Position presents the financial condition of the governmental activities of the Authority at year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the Authority's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function.

Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Authority. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Authority.

Fund Financial Statements

During the year, the Authority segregates transactions related to certain Authority functions or activities in separate programs in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Authority at this more detailed level. The focus of governmental fund financial statements is on major funds.

The fund financial statement expenditures are presented in a function-oriented format. The following is a brief description of the functions:

- Community services - includes activities that provide services to community participants other than students.
- Other outgo - includes activities that provide subsidies for child care fees to community participants.
- General administration - includes data processing services and all other general administration services.
- Plant services - includes activities of maintaining the physical plant. This also includes facilities acquisition and construction expenditures.

Major Governmental Funds

The accounting records of the Authority are organized on the basis of a major fund as follows:

- **General Fund** - The General Fund is the general operating fund to the Authority and accounts for all revenues and expenditures of the Authority. It is used to account for all resources over which the Board has discretionary control and in carrying on the operations of the Authority in accordance with the limitation of its bylaws and joint powers authority agreement.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing or measurement made, regardless of the measurement focus applied.

Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year, or are expected to be collected soon enough thereafter, to be used to pay liabilities of the current fiscal year. Generally, available is defined as collectible within 60 days. Differences between the accrual and the modified basis of accounting arise in the recognition of revenue, the recording of unearned revenue, and the presentation of expenses versus expenditures.

Unearned Revenue

Unearned revenues arise when resources are received by the Authority before it has a legal claim to them, such as when certain grants are received prior to the occurrence of qualifying expenditures. In the subsequent periods, when the Authority has a legal claim to the resources, the liability for unearned revenue is removed from the financial statements and the revenue is recognized.

Cash and Cash Equivalents

The Authority's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

Investments with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost. Fair values of investments in county treasury investment pool is determined by the program sponsor.

The Authority's investment in the county treasury is measured at fair value on a recurring basis, which is determined by the fair value per share of the underlying portfolio determined by the program sponsor. Positions in this investment pool are not required to be categorized within the fair value hierarchy.

Capital Assets and Depreciation

Generally, capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Position, but are not reported in the fund financial statements.

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirement during the year. The Authority maintains a capitalization threshold of $500. The Authority does not own any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All reported capital assets except for land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Estimated Lives
Buildings and improvements	20 years
Vehicles	8 years
Furniture and equipment	7 years

The Authority records impairments of capital assets when it becomes probable that the carrying value of the assets will not be fully recovered over their estimated useful life. Impairments are recorded to reduce the carrying value of the assets to their net realizable value based on facts and circumstances in existence at the time of the determination. No impairments were recorded during the year June 30, 2026.

Fund Balance - Governmental Fund

As of June 30, 2026, the fund balance of the governmental fund is classified as follows:

Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. The Authority currently does not have any nonspendable funds.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments. The Authority currently does not have any restricted funds.

Committed - amounts that can be used only for specific purposes determined by a formal action of the Board. The Board is the highest level of decision-making authority for the Authority. Commitments may be established, modified, or rescinded only through resolutions or other action as approved by the Board. The Authority currently does not have any committed funds.

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the Authority's adopted policy, only the Board or designee may assign amounts for specific purposes. The Authority currently does not have any assigned funds.

Unassigned - all other spendable amounts.

Spending Order Policy

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Authority considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Authority considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Directors has provided otherwise in its commitment or assignment actions.

Net Position

Net position represents the difference between assets and liabilities. Net position related to net investments in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvements of those assets. The Authority has no related debt outstanding as of June 30, 2026. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by donors, grantors, or laws or regulations of other governments.

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 the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates, and those differences could be material.

Budgets and Budgetary Accounting

An annual budget of the general operations of the Authority is adopted by the Board. The adopted budget is prepared on the modified accrual basis which is consistent with the basis of accounting used for financial reporting purposes. The budget may be revised by the Board during the year to give consideration to unanticipated revenues and expenditures. It is this final revised budget that is presented in the financial statements. Expenditures are budgeted based upon available fund resources. If expenditures exceed or are likely to exceed revenues, a Board-appointed internal auditor is required to notify the Board in writing. This report is made to the Board at a public meeting. The Board is required to respond, no later than 15 days after receipt of such a report, with its proposed actions or recommendations.

Adoption of New Accounting Standard

Implementation of GASB Statement No. 103

As of June 30, 2026, the Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 103, *Financial Reporting Model Improvements*. This Statement enhances the clarity and consistency of financial reporting requirements related to the following areas: 1) Management's discussion and analysis, 2) Proprietary fund reporting, 3) Unusual or infrequent items, and 4) Budgetary comparison schedules. GASB 103 is required to be reported as a change in accounting principle in accordance with GASB Statement No. 100, *Accounting Changes and Error Corrections*.

Implementation of GASB Statement No. 104

As of June 30, 2026, the Authority adopted GASB Statement No. 104, Disclosure *of Certain Capital Assets.* The implementation of this standard establishes requirements for certain types of capital assets to be disclosed separately in the capital assets note disclosures and establishes requirements for capital assets held for sale, including additional disclosures for those capital assets. There was not a significant effect on the Authority's financial statements as a result of the implementation of this standard.

Note 2 - Deposits and Investments

Summary of Deposits and Investments

Deposits and investments as of June 30, 2026, are classified in the accompanying financial statements as follows:

Governmental funds	$ 3,640,584

Deposits and investments as of June 30, 2026, consist of the following:

Cash on hand and in banks	$	19,162
Investments		3,621,422
Total deposits and investments	$	3,640,584

Investments at June 30, 2026, consisted of $3,621,422 in pooled funds held in the Orange County Educational Investment Pool. The County pools the cash held in the Orange County Treasury with funds from public education agencies and is allowed to invest them as prescribed by the California *Government Code*. The fair value of the Authority's investment in the pool is reported in the financial statements at amounts based upon the Authority's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis. The investment has an average weighted maturity of 709 days.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Authority's investment in the Orange County Educational Investment pool is rated AAAf as of June 30, 2026.

Note 3 - Accounts Receivable

Accounts receivable at June 30, 2026, consisted of the following:

		Governmental Activities
State government	$	21,586
Irvine Children's Fund		15,642
Other local sources		4,365
Interest		12,071
Total	$	53,664

Note 4 - Capital Assets

Capital assets by type for the year ended June 30, 2026, are as follows:

	Balance July 1, 2025	Additions	Deductions	Balance June 30, 2026
Governmental Activities				
Site improvements	$ 610,492	$ -	$ -	$ 610,492
Buildings and improvements	7,992,410	62,328	-	8,054,738
Equipment	313,139	71,204	-	384,343
Total capital assets being depreciated	8,916,041	133,532	-	9,049,573
Less accumulated depreciation				
Site improvements	(509,036)	(20,011)	-	(529,047)
Buildings and improvements	(5,716,306)	(274,340)	-	(5,990,646)
Equipment	(147,103)	(37,165)	-	(184,268)
Total accumulated depreciation	(6,372,445)	(331,516)	-	(6,703,961)
Capital Assets, Net	$ 2,543,596	$ (197,984)	$ -	$ 2,345,612

Depreciation expense for the current period was $331,516.

Note 5 - Contract Fees

The Authority leases portable buildings to non-profit groups with terms covering one fiscal year. Lease contracts are renewed on an annual basis with each non-profit group. Contracted lease rates are determined based on the Authority's expenditure budget for the fiscal year and amounted to $1,990,376 for the year ended June 30, 2026.

Note 6 - Audit Fees

The California State Legislature mandates California Department of Social Services (CDSS) responsibility for ensuring that audit fees are disclosed annually in the Authority's audit report. Audit fees expensed in the current year are $21,500.

Note 7 - Related Party Transactions

The Authority pays the District and the City for certain accounting and administrative services and facilities provided to the Authority. During the year ended June 30, 2026, $1,630,664 was paid to the District and the City for such services.

Note 8 - Accounts Payable

Accounts payable at June 30, 2026, consisted of the following:

	Governmental Activities
Child care services	$ 569,560

Note 9 - Unearned Revenue

Unearned revenue at June 30, 2026, consisted of the following:

	Governmental Activities
State categorical aid	$ 55,812

Note 10 - Contingencies

Grants

The Authority received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Authority at June 30, 2026.

Litigation

The Authority is not currently a party to any legal proceedings.

Required Supplementary Information
June 30, 2026

Irvine Child Care Project

Irvine Child Care Project
Budgetary Comparison Schedule – General Fund
Year Ended June 30, 2026

	Original Budget	Final Budget	Variance with Original Budget - over (under) Final Budget	Actual	Variance with Final Budget - over (under) Actual Amounts
Revenues					
State general child care grant	$ 679,000	$ 1,077,558	$ 398,558	$ 1,077,558	$ -
Federal general child care grant	679,000	338,721	(340,279)	338,721	-
Federal apportionments	64,000	67,211	3,211	67,211	-
Contract fees	1,990,375	1,990,376	1	1,990,376	-
Interest and investment earnings	126,000	125,950	(50)	125,950	-
Other income	136,000	132,957	(3,043)	132,957	-
Total revenues	3,674,375	3,732,773	58,398	3,732,773	-
Expenditures					
Insurance	159,892	149,896	(9,996)	149,896	-
Contract services and operating expenditures	3,622,361	3,437,006	(185,355)	3,437,006	-
Total expenditures	3,782,253	3,586,902	(195,351)	3,586,902	-
Net Change in Fund Balance	$ (107,878)	$ 145,871	$ 253,749	145,871	$ -
Fund Balance - Beginning				2,923,005	
Fund Balance - Ending				$ 3,068,876	

See Note to Required Supplementary Information.

Note 1 - Purpose of Schedule

Budgetary Comparison Schedule

The Authority employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board and provisions of the California *Education Code*. The Board of Directors is required to hold a public hearing and adopt an operating budget no later than July 1 of each year. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of the budget adoption with legal restriction that expenditures cannot exceed appropriations by major object account.

The amounts reported as the original budgeted amounts in the budgetary statements reflect amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for.

This schedule presents information for the original and final budgets and the actual results of operations, as well as the variances form the budget to actual results of operations.

At June 30, 2026, the Authority's General Fund exceeded the budgeted amount in total as follows:

	General Fund over (under)
Budgetary Revenues	
Differences-original budget to final budget	
State general child care grant increased due to: For budget simplicity, the original budget is a 50/50 split between Federal and State funding. CDSS determines the payment source and more State funds were used than Federal.	$ 398,558
Federal general child care grant decreased due to: For budget simplicity, the original budget is a 50/50 split between Federal and State funding. CDSS determines the payment source and less Federal funds were used than State.	(340,279)
Budgetary Expenditures	
Differences-original budget to final budget	
Contract services and operating expenditures decreased due to less spending for program coordination and building improvements.	(185,355)

Supplementary Information
June 30, 2026

Irvine Child Care Project

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number	Program or Award Amount	Federal Expenditures
U.S. Department of Health and Human Services				
Passed through California Department of Social Services				
Child Care Development Fund (CCDF) Cluster				
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	24568	$ 40,305	$ 27,675
Child Care and Development Block Grant	93.575	25136	360,419	311,046
Subtotal Child Care Development Fund (CCDF) Cluster			400,724	338,721
Total U.S. Department of Health and Human Services			400,724	338,721
U.S. Department of Housing and Urban Development				
Passed through Irvine Children's Fund				
CDBG - Entitlement Grants Cluster				
Community Development Block Grant	14.218	[1]	67,211	67,211
Subtotal CDBG - Entitlement Grants Cluster			67,211	67,211
Total U.S. Department of Housing and Urban Development			67,211	67,211
Total Federal Financial Assistance			$ 467,935	$ 405,932

[1] Pass-Through Entity Identifying Number Not Available

Program	Contract Number	Pass-Through Entity Identifying Number	Program or Award Amount	Disbursements/ Expenditures
Passed through California Department of Social Services				
Child Development Division				
Child Development Programs	CCTR-5213	13254	$ 845,504	$ 840,755
Child Development Programs	CCTR-5213	15540	32,023	13,096
Child Development Programs - SB 140 Plus Rate Payments		25738	177,546	177,546
Child Development Programs - SB 151 One-Time Payments		[1]	46,161	46,161
Total State Financial Assistance			$ 1,101,234	$ 1,077,558

[1] Pass-Through Entity Identifying Number Not Available

	Child Care and Development Programs CCTR-5213	Non-CDSS Programs	Total
Support and Revenue			
Support			
State apportionment			
General child care	$ 1,025,793	$ 51,765	$ 1,077,558
Federal apportionment			
General child care	338,721	-	338,721
Community development block grant	-	67,211	67,211
Total support	1,364,514	118,976	1,483,490
Revenue			
Contract fees	-	1,990,376	1,990,376
Interest and investment earnings	5,604	120,346	125,950
Other income	-	132,957	132,957
Total revenue	5,604	2,243,679	2,249,283
Total support and revenue	1,370,118	2,362,655	3,732,773
Expenses			
Program services			
General child care program	1,176,999	46,161	1,223,160
Community services	-	795,657	795,657
Other outgo	-	204,702	204,702
General administration	23,493 [1]	289,402	312,895
Plant services	-	1,050,488	1,050,488
Total expenses	1,200,492	2,386,410	3,586,902
Net Change in Fund Balance	$ 169,626	$ (23,755)	$ 145,871

[1] This is the only direct contractor expense.

		Child Development Programs - Contracts
		CCTR-5213
1000	Certificated Salaries	$ 621,880
2000	Classified Salaries	41,177
3000	Employee Benefits	120,041
4000	Books and Supplies	40,935
5000	Services and Other Operating Expenses	352,966
	Total expenditures	$ 1,176,999
	Indirect cost charged by school district	23,493
	Total cost of contract	$ 1,200,492

We have examined the claims filed for reimbursement and the original records supporting the transactions recorded under the contracts listed above, to an extent considered necessary to assure ourselves that the amount claimed by the contractor were eligible for reimbursement, reasonable, necessary, and adequately supported, according to governing laws, regulations, and contract provisions.

	General Child Care and Development Programs CCTR-5213
Expenses	
Schedule of Expenditures by State Categories (CCD)	$ 1,200,492
Adjustments to reconcile difference in reporting	
Subcontract expenses included in the AUD form	-
Capitalized assets expensed on AUD form	-
Capitalized lease expensed on AUD form	-
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance	$ 1,200,492

There were no reconciling items between CCD and U.S. GAAP expense reporting in the current year.

	General Child Care and Development Programs
	CCTR-5213
Capitalized Equipment Expensed on the AUD with Prior Written Approval	
None	$ -
Subtotal	-
Capitalized Equipment Expensed on the AUD without Prior Written Approval	
None	-
Subtotal	-
Total	$ -

Note: Irvine Child Care Project's capitalization threshold is $500 or more. There were no claimed equipment expenditures to report in the current year.

	General Child Care and Development Programs CCTR-5213
Unit Cost Under $10,000 per Item	
None	$ -
Subtotal	-
Unit Cost $10,000 or More per Item with Prior Written Approval	
None	$ -
Subtotal	-
Unit Cost $10,000 or More per Item Without Prior Approval	
None	$ -
Subtotal	-
Total	$ -

Note: Irvine Child Care Project's capitalization threshold is $500 or more. There were no renovations and repairs expenditures to report in the current year.

	Center and Block Grant Child Development Programs CCTR-5213
Irvine Unified School District's indirect costs	$ 23,493

Note 1 - Purpose of Schedules

Schedule of Expenditures of Federal Awards (SEFA)

The accompanying schedule of expenditures of federal awards (SEFA) includes the federal award activity of the Irvine Child Care Project under programs of the federal government for the year ended June 30, 2026. Because the SEFA only presents a selected portion of the operations the Authority, it is not intended to and does not present the net position or changes in net position and fund balance of the Authority.

Expenditures reported in the schedule are reported on the modified accrual basis of accounting. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

Indirect Cost Rate
The District has not elected to use the de minimis cost rate of up to 15%.

Schedule of Expenditures of State Awards

The accompanying schedule of expenditures of state awards (the schedule) includes the state award activity of the Irvine Child Care Project for the for the year ended June 30, 2026. Because the schedule only presents a selected portion of the operations the Authority, it is not intended to and does not present the net position or changes in net position and fund balance of the Authority.

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance

The combining Statement of Revenues, Expenditures, and Changes in Fund Balance is included to provide information regarding the General Child Care and Development Programs and the Non-CDE Programs.

Schedule of Expenditures by State Categories

This schedule provides information about expenditures by state categories.

Reconciliation of CCD and U.S. GAAP Expense Reporting

This schedule provides a reconciliation of expenditures by state categories from CCD to the Combining Statement of Revenues, Expenditures, and Changes in Fund Balance (U.S. GAAP).

Schedule of Claimed Equipment Expenditures

This schedule provides information about reimbursable equipment expenditures.

Schedule of Claimed Expenditures for Renovations and Repairs

This schedule provides information about reimbursable expenditures for renovation and repairs.

Schedule of Claimed Administrative Costs

This schedule provides information about reimbursable administrative costs.

Interest Expense

No interest expense was claimed as a reimbursable expense for the year ended June 30, 2026.

Related Party Rent

No related party rent expense was claimed as a reimbursable expense for the year ended June 30, 2026.

Bad Debt Expense

Bad debt expense is unallowable unless it relates to uncollected family fees where documentation of adequate collection attempts exist. No bad debt expense was claimed for the year ended June 30, 2026.

Reconciliation of CDSS and Generally Accepted Accounting Principles (U.S. GAAP) Expense Reporting

The supplementary statement of activities by contract and financial statements presents financial data in conformity with U.S. GAAP. The other supplementary financial data presented in the audit, including data in the schedule of expenditures by state categories, presents expenditures according to CDSS reporting requirements. However, reporting differences arise because CDSS contract funds must be expended during the contract period (usually one year). For example, program amounts that are capitalized and depreciated over multiple years under U.S. GAAP are expensed in the contract period under CDSS requirements. To address such reporting differences, the audit report includes a Reconciliation of CDSS and U.S. GAAP Expense reporting.

AUDITED ENROLLMENT, ATTENDANCE AND FISCAL REPORT FOR CHILD CARE AND DEVELOPMENT PROGRAMS (FOR SINGLE SERVICE COUNTY)

Fiscal Year Ending* June 30, 2026
Contract Number* CCTR-5213
Vendor Code* Q553

Full Name of Contractor* Irvine Child Care Project

Section 1 - Contractor Provided Services in Only One County

- ☑ Services were provided to certified children, check this box and **include** pages 6-7.*
- ☐ Mental health consultation services were provided to certified children, check this box and **include** pages 8-9.*
- ☐ Services were provided to non-certified children, check this box and **include** pages 10-11.*
- ☐ Mental health consultation services were provided to non-certified children, check this box and **include** pages 12-13.*

Section 2 - Days of Enrollment, Attendance and Operation

	Column A Cumulative FY CDFS 9500	Column B Audit Adjustments	Column C Cumulative per Audit	Column D Adjusted Days per Audit
Total Certified Days of Enrollment	23,849		23,849	19,682.7862
Total Certified Days of Enrollment with Mental Health Consultation Services				
Days of Attendance (including MHCS)	19,167		19,167	**N/A**
Total Non-Certified Days of Enrollment				
Total Non-Certified Days of Enrollment with Mental Health Consultation Services				
Days of Operation*	250	0	250	**N/A**

*Indicates field is required.

Full Name of Contractor Irvine Child Care Project **Contract Number** CCTR-5213

Section 3 - Revenue

	Column A Cumulative FY CDFS 9500	Column B Audit Adjustments	Column C Cumulative per Audit
Restricted Income - Child Nutrition Programs	0	0	
Restricted Income - County Maintenance of Effort (WIC Section 10308.5)	0	0	
Restricted Income - American Rescue Plan Act (ARPA)	0	0	
Restricted Income - Other:			
Restricted Income - Subtotal			
Transfer From Reserve	0	0	
Waived Family Fees for Certified Children*	0	0	
Family Fees Collected for Certified Children	2,316	0	2,316
Interest Earned on Child Development Apportionment Payments	5,604	0	5,604
Unrestricted Income - Fees for Non-Certified Children	0	0	
Unrestricted Income - Head Start	0	0	
Unrestricted Income - Other:	0	0	
Total Revenue (*Waived Family Fees Not Included)	**7,920**		**7,920**

Comments:

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Full Name of Contractor Irvine Child Care Project **Contract Number** CCTR-5213

Section 4 - Reimbursable Expenses

	Column A Cumulative FY CDFS 9500	Column B Audit Adjustments	Column C Cumulative per Audit
Direct Payments to Providers (FCCH only)	0	0	
1000 Certificated Salaries	621,880	0	621,880
2000 Classified Salaries	41,177	0	41,177
3000 Employee Benefits	120,041	0	120,041
4000 Books and Supplies	40,935	0	40,935
5000 Services and Other Operating Expenses	352,966	0	352,966
6100/6200 Other Approved Capital Outlay			
6400 New Equipment (program-related)			
6500 Equipment Replacement (program-related)			
Depreciation or Use Allowance			
Start-up Expenses (service level exemption)			
Budget Impasse Credit			
Indirect Costs (include in Total Administrative Cost)	23,493	0	23,493
Total Reimbursable Expenses	**1,200,492**		**1,200,492**
Total Administrative Cost (included in Section 4 above)	23,493	0	23,493
Total Staff Training Cost (included in Section 4 above)	0	0	

Approved Indirect Cost Rate: 2 %

☑ NO SUPPLEMENTAL REVENUE / EXPENSES Check this box and omit page 4.

Comments:

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Full Name of Contractor Irvine Child Care Project **Contract Number** CCTR-5213

Section 5 - Supplemental Revenue

	Column A Cumulative FY CDFS 9500	Column B Audit Adjustments	Column C Cumulative per Audit
Enhancement Funding			
Other:			
Other:			
Total Supplemental Revenue			

Section 6 - Supplemental Expenses

	Column A Cumulative FY CDFS 9500	Column B Audit Adjustments	Column C Cumulative per Audit
1000 Certificated Salaries			
2000 Classified Salaries			
3000 Employee Benefits			
4000 Books and Supplies			
5000 Services and Other Operating Expenses			
6000 Equipment / Capital Outlay			
Depreciation or Use Allowance			
Indirect Costs			
Non-Reimbursable Supplemental Expenses			
Total Supplemental Expenses			

Full Name of Contractor Irvine Child Care Project **Contract Number** CCTR-5213

Section 7 - Summary

	Column A Cumulative FY CDFS 9500	Column B Audit Adjustments	Column C Cumulative per Audit
Total Certified Days of Enrollment (including MHCS)	23,849		23,849
Days of Operation	250		250
Days of Attendance (including MHCS)	19,167		19,167
Restricted Program Income			
Transfer from Reserve			
Family Fees Collected for Certified Children	2,316		2,316
Interest Earned on Child Development Apportionment Payments	5,604		5,604
Direct Payments to Providers			
Start-up Expenses (service level exemption)			
Total Reimbursable Expenses	1,200,492		1,200,492
Total Administrative Cost	23,493		23,493
Total Staff Training Cost			
Non-Reimbursable (State use only)	**N/A**	**N/A**	

Total Certified Adjusted Days of Enrollment (including MHCS) 19,682.7862

Total Non-Certified Adjusted Days of Enrollment (including MHCS)

Independent auditor's assurances on agency's compliance with contract funding terms and conditions and program requirements for programs that transferred to the California Department of Social Services on July 1, 2021 pursuant to WIC Section 10203(b):

Eligibility, enrollment and attendance records are being maintained as required (select YES or NO from the drop-down box): Yes

Reimbursable expenses claimed on page 3 are eligible for reimbursement, reasonable, necessary, and adequately supported (select YES or NO from the drop-down box): Yes

Include any comments in the comments box on pages 2 and 3. If necessary, attach additional sheets to explain adjustments.

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Full Name of Contractor Irvine Child Care Project **Contract Number** CCTR-5213

CHILD CARE AND DEVELOPMENT PROGRAMS
CERTIFIED CHILDREN DAYS OF ENROLLMENT AND ATTENDANCE

Service County:* Orange

	Column A Cumulative FY CDFS 9500	Column B Audit Adjustments	Column C Cumulative per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Infants (up to 18 months) Full-time-plus	0	0		2.8792	
Infants (up to 18 months) Full-time	0	0		2.4400	
Infants (up to 18 months) One-half-time	0	0		1.5960	
Toddlers (18 up to 36 months) Full-time-plus	0	0		2.1240	
Toddlers (18 up to 36 months) Full-time	0	0		1.8000	
Toddlers (18 up to 36 months) One-half-time	0	0		1.1774	
Three Years and Older Full-time-plus	404	0	404	1.1800	476.7200
Three Years and Older Full-time	6,472	0	6,472	1.0000	6,472.0000
Three Years and Older One-half-time	11,019	0	11,019	0.6541	7,207.5279
Exceptional Needs Full-time-plus	0	0		1.8172	
Exceptional Needs Full-time	298	0	298	1.5400	458.9200
Exceptional Needs One-half-time	161	0	161	1.0073	162.1753

*Indicates field is required.

Full Name of Contractor Irvine Child Care Project **Contract Number** CCTR-5213

	Column A Cumulative FY CDFS 9500	Column B Audit Adjustments	Column C Cumulative per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Dual Language Learner Full-time-plus	170	0	170	1.2980	220.6600
Dual Language Learner Full-time	2,695	0	2,695	1.1000	2,964.5000
Dual Language Learner One-half-time	2,630	0	2,630	0.6541	1,720.2830
At Risk of Abuse or Neglect Full-time-plus	0	0		1.2980	
At Risk of Abuse or Neglect Full-time	0	0		1.1000	
At Risk of Abuse or Neglect One-half-time	0	0		0.6541	
Severely Disabled Full-time-plus	0	0		2.2774	
Severely Disabled Full-time	0	0		1.9300	
Severely Disabled One-half-time	0	0		1.2624	
Total Certified Days of Enrollment	**23,849**		**23,849**	**N/A**	**19,682.7862**
Days of Attendance*	**19,167**	**0**	**19,167**	**N/A**	**N/A**

If no services were provided to certified children, omit pages 6-7.

*Indicates field is required for Days of Attendance.

Full Name of Contractor Irvine Child Care Project **Contract Number** CCTR-5213

CHILD CARE AND DEVELOPMENT PROGRAMS CERTIFIED CHILDREN RECEIVING MENTAL HEALTH CONSULTATION SERVICES DAYS OF ENROLLMENT AND ATTENDANCE

Service County:* Orange

	Column A Cumulative FY CDFS 9500MHCS	Column B Audit Adjustments	Column C Cumulative per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Infants (up to 18 months) Full-time-plus				2.9792	
Infants (up to 18 months) Full-time				2.5400	
Infants (up to 18 months) One-half-time				1.6960	
Toddlers (18 up to 36 months) Full-time-plus				2.2240	
Toddlers (18 up to 36 months) Full-time				1.9000	
Toddlers (18 up to 36 months) One-half-time				1.2774	
Three Years and Older Full-time-plus				1.2800	
Three Years and Older Full-time				1.1000	
Three Years and Older One-half-time				0.7541	
Exceptional Needs Full-time-plus				1.9172	
Exceptional Needs Full-time				1.6400	
Exceptional Needs One-half-time				1.1073	

*Indicates field is required.

Full Name of Contractor Irvine Child Care Project **Contract Number** CCTR-5213

	Column A Cumulative FY CDFS 9500MHCS	Column B Audit Adjustments	Column C Cumulative per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Dual Language Learner Full-time-plus				1.3980	
Dual Language Learner Full-time				1.2000	
Dual Language Learner One-half-time				0.7541	
At Risk of Abuse or Neglect Full-time-plus				1.3980	
At Risk of Abuse or Neglect Full-time				1.2000	
At Risk of Abuse or Neglect One-half-time				0.7541	
Severely Disabled Full-time-plus				2.3774	
Severely Disabled Full-time				2.0300	
Severely Disabled One-half-time				1.3624	
TOTAL CERTIFIED DAYS OF ENROLLMENT WITH MENTAL HEALTH CONSULTATION SERVICES				**N/A**	
DAYS OF ATTENDANCE*				**N/A**	**N/A**

If no mental health consultation services were provided to certified children, omit pages 8-9.

*Indicates field is required for Days of Attendance.

Full Name of Contractor Irvine Child Care Project **Contract Number** CCTR-5213

CHILD CARE AND DEVELOPMENT PROGRAMS
NON-CERTIFIED CHILDREN DAYS OF ENROLLMENT

Service County:* Orange

	Column A Cumulative FY CDFS 9500	Column B Audit Adjustments	Column C Cumulative per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Infants (up to 18 months) Full-time-plus				2.8792	
Infants (up to 18 months) Full-time				2.4400	
Infants (up to 18 months) One-half-time				1.5960	
Toddlers (18 up to 36 months) Full-time-plus				2.1240	
Toddlers (18 up to 36 months) Full-time				1.8000	
Toddlers (18 up to 36 months) One-half-time				1.1774	
Three Years and Older Full-time-plus				1.1800	
Three Years and Older Full-time				1.0000	
Three Years and Older One-half-time				0.6541	
Exceptional Needs Full-time-plus				1.8172	
Exceptional Needs Full-time				1.5400	
Exceptional Needs One-half-time				1.0073	

*Indicates field is required.

Full Name of Contractor Irvine Child Care Project **Contract Number** CCTR-5213

	Column A Cumulative FY CDFS 9500	Column B Audit Adjustments	Column C Cumulative per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Dual Language Learner Full-time-plus				1.2980	
Dual Language Learner Full-time				1.1000	
Dual Language Learner One-half-time				0.6541	
At Risk of Abuse or Neglect Full-time-plus				1.2980	
At Risk of Abuse or Neglect Full-time				1.1000	
At Risk of Abuse or Neglect One-half-time				0.6541	
Severely Disabled Full-time-plus				2.2774	
Severely Disabled Full-time				1.9300	
Severely Disabled One-half-time				1.2624	
Total Non-Certified Days of Enrollment				**N/A**	

If no services were provided to non-certified children, omit pages 10-11.

Full Name of Contractor Irvine Child Care Project **Contract Number** CCTR-5213

CHILD CARE AND DEVELOPMENT PROGRAMS NON-CERTIFIED CHILDREN RECEIVING MENTAL HEALTH CONSULTATION SERVICES DAYS OF ENROLLMENT

Service County:* Orange

	Column A Cumulative FY CDFS 9500MHCS	Column B Audit Adjustments	Column C Cumulative per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Infants (up to 18 months) Full-time-plus				2.9792	
Infants (up to 18 months) Full-time				2.5400	
Infants (up to 18 months) One-half-time				1.6960	
Toddlers (18 up to 36 months) Full-time-plus				2.2240	
Toddlers (18 up to 36 months) Full-time				1.9000	
Toddlers (18 up to 36 months) One-half-time				1.2774	
Three Years and Older Full-time-plus				1.2800	
Three Years and Older Full-time				1.1000	
Three Years and Older One-half-time				0.7541	
Exceptional Needs Full-time-plus				1.9172	
Exceptional Needs Full-time				1.6400	
Exceptional Needs One-half-time				1.1073	

*Indicates field is required.

Full Name of Contractor Irvine Child Care Project **Contract Number** CCTR-5213

	Column A Cumulative FY CDFS 9500MHCS	Column B Audit Adjustments	Column C Cumulative per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Dual Language Learner Full-time-plus				1.3980	
Dual Language Learner Full-time				1.2000	
Dual Language Learner One-half-time				0.7541	
At Risk of Abuse or Neglect Full-time-plus				1.3980	
At Risk of Abuse or Neglect Full-time				1.2000	
At Risk of Abuse or Neglect One-half-time				0.7541	
Seve ely Disabled Full-time-plus				2.3774	
Severely Disabled Full-time				2.0300	
Severely Disabled One-half-time				1.3624	
TOTAL NON-CERTIFIED DAYS OF ENROLLMENT WITH MENTAL HEALTH CONSULTATION SERVICES				**N/A**	

If no mental health consultation services were provided to non-certified children, omit pages 12-13.

Independent Auditor's Report
June 30, 2026

Irvine Child Care Project

Independent Auditor's 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
Irvine Child Care Project
Irvine, California

We have audited, 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 *(Government Auditing Standards)*, the financial statements of the governmental activities and the major fund of Irvine Child Care Project (the Authority), as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated November 10, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority'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 Authority'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 or significant deficiencies may exist that were not identified.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's 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 the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Eide Bailly LLP

Ontario, California
November 10, 2026

Schedule of Findings and Responses
June 30, 2026

Irvine Child Care Project

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting	
Material weakness identified	No
Significant deficiency identified not considered to be material weaknesses	None reported
Noncompliance material to financial statements noted	No

Section II – Financial Statement Findings

None reported.

Section III – Summary Schedule of Prior Audit Findings

There were no audit findings reported in the prior year's Schedule of Findings and Responses.