

**NO LIMITS LEARNING CENTER**

**Financial Statements**

**As of and for the year ended December 31, 2024**

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# BONNIE & HERRERA, CPAs

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## INDEPENDENT ACCOUNTANT'S AUDIT REPORT

To the Board of Trustees  
No Limits Learning Center

### *Qualified Opinion*

We have audited the financial statements of No Limits Learning Center, which comprise the statement of financial position as of December 31, 2024, and the related statement of activities, cash flows and schedule of functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of No Limits Learning Center as of December 31, 2024, 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 Qualified Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 No Limits Learning Center and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Management has not implemented the requirements of ASC 842 for an operating lease that are material to the financial statements. Specifically, management has not recognized a right-of-use (ROU) asset and a corresponding lease liability on the balance sheet for these operating leases, as required by ASC 842. Instead, these leases are accounted for as operating leases under the previous standard, ASC 840.

### *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 No Limits Learning Center's ability to continue as a going concern for one year after the date that the financial statements are issued.

### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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, 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 No Limits Learning Center'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 No Limits Learning Center'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.

*Bonnie & Herrera CPAs*

Bonnie & Herrera, CPAs  
Anaheim Hills, California  
July 31, 2025

**No Limits Learning Center**  
**Statement of Financial Position**

<i>December 31,</i>	2024
<b>Assets</b>	
<b>Current assets</b>	
Cash and cash equivalents	\$ 565,151
Accounts receivable	156,562
Prepaid expense	27,256
<b>Total current assets</b>	748,969
<b>Property and equipment, net</b>	463,593
<b>Other assets</b>	
Deposits	51,182
<b>Total other assets</b>	51,182
<b>Total assets</b>	\$ 1,263,744
<b>Liabilities and net assets</b>	
<b>Current liabilities</b>	
Accounts payable	\$ 71,565
Accrued payroll liabilities	44,527
Other current liabilities	25,832
<b>Total current liabilities</b>	141,924
<b>Total liabilities</b>	141,924
<b>Net Assets</b>	
Net assets without donor restrictions	1,121,820
Net assets with donor restrictions	-
<b>Total net assets</b>	1,121,820
<b>Total liabilities and net assets</b>	\$ 1,263,744

See accompanying notes and independent accountant's audit report

**No Limits Learning Center**  
**Statement of Activities**

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<i>For the year ended December 31,</i>		2024
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<b>Support and revenue</b>		
Day programs	\$	2,458,912
Fundraisers		143,333
Donations		19,130
Interest income		12,035
Other income		7,400
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<b>Total support and revenue</b>		2,640,810
<b>Expenses</b>		
Program service		2,254,330
Management and general		97,190
Fundraising		94,933
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<b>Total expenses</b>		2,446,453
<b>Change in net assets</b>		194,357
<b>Net assets at beginning of year</b>		927,463
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<b>Net assets at end of year</b>	\$	1,121,820
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See accompanying notes and independent accountant's audit report

**No Limits Learning Center**  
**Statement of Cash Flows**

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*For the year ended December 31,* 2024

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**Cash flows from operating activities**

Change in net assets	\$ 194,357
Adjustments to reconcile change in net income to net cash and cash equivalents used in operations:	
Depreciation	69,345
Changes in operating assets and liabilities:	
Accounts receivable	(3,582)
Prepaid expenses	(7,850)
Deposits	(29,081)
Accounts payable	(3,416)
Accrued payroll liabilities	(19,166)
Other current liabilities	25,654

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**Net cash and cash equivalents provided by operating activities** 226,261

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**Cash flows used in investing activities**

Acquisition of equipment	(251,576)
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**Net cash and cash equivalents used in investing activities** (251,576)

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**Net decrease in cash and cash equivalents** (25,315)

**Cash and cash equivalents, beginning of period** 590,466

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**Cash and cash equivalents, end of period** \$ 565,151

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**No Limits Learning Center**  
**Schedule of Functional Expenses**

	<b>Program</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
Wages	\$ 1,222,817	\$ 65,289	\$ 4,202	\$ 1,292,308
Rent	345,182	10,676	-	355,858
Office expense	182,702	5,651	-	188,353
Payroll taxes	103,705	3,207	-	106,912
Fundraising expense	-	-	85,851	85,851
Depreciation expense	67,265	2,080	-	69,345
Telephone and utilities	66,677	2,062	-	68,739
Repairs and maintenance	66,415	2,054	-	68,469
Professional fees	61,986	1,917	-	63,903
Insurance	50,766	1,570	-	52,336
Computer expense	27,728	858	-	28,586
Operating expenses	21,579	667	-	22,246
Meals and entertainment	19,184	593	-	19,777
License and permits	9,401	291	-	9,692
Bank charges	8,735	270	-	9,005
Marketing	-	-	4,880	4,880
Property tax	172	5	-	177
Taxes	16	-	-	16
<b>Total</b>	<b>\$ 2,254,330</b>	<b>\$ 97,190</b>	<b>\$ 94,933</b>	<b>\$ 2,446,453</b>

See accompanying notes and independent accountant's audit report

## No Limits Learning Center

### Notes to Financial Statements

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#### **Note 1 – Summary of significant accounting policies**

##### *Reporting entity*

No Limits Learning Center (the Center) is a California nonprofit public benefit corporation formed in 2012. The Center provides educational opportunities to people who are over 18 years of age with developmental disabilities through delivering a broad range of specialized programs and services. It offers classes to adults with developmental disabilities who are at least 18 years of age at the Center's location in Brea, California.

##### *Basis of accounting*

The Center's policy is to prepare its financial statements on the accrual basis of accounting; consequently, revenues are recognized when earned rather than when received and certain expenses and purchases of assets are recognized when the obligation is incurred rather than when cash is disbursed.

##### *Basis of presentation*

The Center presents its financial statements in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, and in accordance with Generally Accepted Accounting Principles (GAAP). As amended by Accounting Standards Update No. 2016-14, the Center is required to report information regarding its financial position and activities according to two classes of net assets:

Net assets without donor restrictions - Net assets that are available for use in general operations and not subject to donor restrictions.

Net assets with donor restrictions - Net assets subject to donor-imposed restrictions. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Center or the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

##### *Cash and cash equivalents*

The Center considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash equivalents are carried at cost, which approximates market value.



## No Limits Learning Center

### Notes to Financial Statements

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#### **Note 1 – Summary of significant accounting policies – continued**

##### *Fair value of financial instruments*

At December 31, 2024, the Center did not have any assets or liabilities that were required to be reported at fair value. Carrying values of non-derivative financial instruments approximated their values due to the short-term nature of these financial instruments.

##### *Revenue Recognition*

The Center recognizes revenue from educational services provided to students, during the year performed. The performance obligation of delivering educational services is simultaneously received and consumed by the students; therefore, the revenue is recognized as services are performed over the course of the year.

Contributions received are recorded as net assets with donor restrictions or without donor restrictions. All contributions are considered to be without donor restrictions unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as an increase in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, that are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donations, are recorded at their fair values in the period received.

The Center had no net assets with donor restrictions in 2024. It did not receive any contributed property and equipment during the year. The Center receives donated services from unpaid volunteers who assist in fund-raising and running of the Center's activities and events.

##### *Accounts receivable*

Accounts receivable are recorded at the net realizable value expected to be received from third-party payers. The Center determines the collectability of accounts based on historical collection trends, type of customer, age of outstanding receivables, and existing economic conditions. When uncertainty exists as to the collection of receivables, the Center records an allowance for doubtful accounts and a corresponding charge to bad debt expense. The allowance for doubtful accounts at December 31, 2024 was \$0 as management deemed all accounts receivable to be collectible.

## No Limits Learning Center

### Notes to Financial Statements

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#### **Note 1 – Summary of significant accounting policies – continued**

##### *Property and equipment*

The Center has adopted a capitalization policy to capitalize for financial statement purposes, property and equipment over \$1,000. Property and equipment are recorded at cost on date of purchase or fair value on date of donation and are depreciated using the straight-line method over the estimated life. Donations of property are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. If unrestricted, proceeds from the sale of property and equipment are transferred to operating net assets. If restricted, any equipment is depreciated over their estimated useful lives ranging from 3 to 10 years. Repairs and maintenance are charged to expense as incurred.

##### *Deferred revenue*

Registration fees collected in advance of an event are deferred and recorded as income when the event takes place.

##### *Marketing costs*

The Center charges marketing costs to expense when incurred. Marketing expense was \$4,880 for the year ended December 31, 2024.

##### *Functional expenses*

The costs of providing program services have been reported on a functional basis in the Schedule of Functional Expenses. Certain costs and expenditures have been allocated between program and supporting services based on management's estimates.

##### *Estimates*

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

## No Limits Learning Center

### Notes to Financial Statements

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#### **Note 1 – Summary of significant accounting policies – continued**

##### *Administrative costs*

Negotiated rate contracts require administrative expenses to be no more than 15% of total expenses. Administrative overhead expenses are allocated between direct and indirect costs based on personnel time spent on specific identification of the goods or services to revenue generating activities. Administrative costs are allocated pro-rata between revenues generated from regional center contracts, both negotiated and non-negotiated, and non-regional center revenues as the administrative costs incurred are deemed to benefit all revenue sources equally.

The Center has reviewed the allocation of its expenses between direct and administrative costs for compliance with this requirement as well as its required supporting documentation for regional center billings noting it is in compliance and no amounts are owed to regional centers.

##### *Income taxes*

The Center is a not-for-profit organization that is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. The Center is not taxed on income derived from its exempt functions.

The Center is required by ASC 740-10, Income Taxes, to evaluate and disclose tax positions that could have an effect on the Center's financial statements. Substantially all of the Center's income, expenditures and activities are related to its tax-exempt purpose. The Center has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements. Accordingly, no provision for income taxes has been provided for in the accompanying financial statements.

The tax returns of the Center are potentially subject to examination by Federal and California taxing authorities. The statute of limitations for Federal and California purposes is generally three to four years, respectively. Currently, there are no examinations pending or in progress.

##### *Date of management review*

Events subsequent to December 31, 2024 have been evaluated through July 31, 2025, the date the financial statement was available to be issued. No events requiring disclosures have occurred through this date.

**No Limits Learning Center**  
**Notes to Financial Statements**

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**Note 2 – Concentration of credit risk**

*Concentration of credit risk*

The Center's financial instruments that potentially subject it to concentrations of credit risk consist of cash and cash equivalents.

The Center maintains its cash at a financial institution in Orange County. At December 31, 2024, the Center's cash in bank balances exceeded the federally insured limit. The Center received approximately 95% of its revenue from consumers referred by various Regional Centers throughout Southern California. During the year, the Center derived approximately 73% of its revenue from services provided to consumers referred by the Regional Center of Orange County.

**Note 3 – Property and equipment**

At December 31, 2024, the balance of property and equipment consisted of the following:

Auto	\$ 152,545
Furniture and equipment	219,112
Leasehold Improvements	<u>276,538</u>
	648,195
Less accumulated depreciation	<u>(184,602)</u>
Property and equipment, net	<u><u>\$ 463,593</u></u>

Depreciation expense for the year ended December 31, 2024 was \$69,345.

**Note 4 – Compensated absences**

Employees are entitled to paid vacation depending on the length of service and other factors. Accrued payroll liabilities at December 31, 2024 included accrued vacation in the amount of \$11,663.

**No Limits Learning Center**  
**Notes to Financial Statements**

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**Note 5 – Office lease**

In August 2019, the Center signed a 10-year lease with an unrelated party located at Lambert Avenue in the City of Brea effective September 1, 2019. Monthly base rent from January 1, 2024 to August 31, 2024 was \$19,323. Monthly base rent from September 1, 2024 to August 31, 2025 was \$19,902.

In August 2024, the Center entered into an amended lease agreement to include an additional unit comprising approximately 17,144 rentable square feet. The amendment became effective October 1, 2024. The monthly base rent for the additional unit is \$24,859 for the period from October 1, 2024, through September 30, 2025.

As of December 31, 2024, the minimum lease payments are as follows:

2025	\$ 345,726
2026	357,777
2027	370,311
2028	383,346
2029	291,356
Total minimum lease payments	<u>\$ 1,748,516</u>

Rent expense for the year ended December 31, 2024 was \$355,858, including common area maintenance.

**Note 6 – Availability and liquidity**

The following represents the Center's financial assets as of December 31, 2024:

Cash and cash equivalents	\$ 565,151
Receivables due within one year	156,562
Total financial assets	<u>721,713</u>
Less: financial assets not available to be used within one year	<u>-</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 721,713</u>

As part of the Center's liquidity management, it has a policy to structure its financial assets to be available for its general expenditures, liabilities and other obligations that come due. The Center invests cash in excess of daily requirements in short-term investments, including money market accounts.