

**The King's Daughters Day Home
dba The King's Daughters Child
Development Center**

Financial Statements
For the Years Ended June 30, 2022 and 2021

The King's Daughters Day Home
dba The King's Daughters Child Development Center
Financial Statements
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Independent Auditor's Report

Board of Directors
The King's Daughters Day Home
dba The King's Daughters Child Development Center

Opinion

We have audited the financial statements of The King's Daughters Day Home dba The King's Daughters Child Development Center (a not-for-profit organization, the Day Home), which comprise the statements of financial position as of June 30, 2022 and 2021, the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Day Home as of June 30, 2022 and 2021, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 the Day Home and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 condition or events, considered in the aggregate, that raise substantial doubt about the Day Home's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibility

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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgement 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 on 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 Day Home'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 judgement, there are condition or events, considered in the aggregate, that raise substantial doubt about the Day Home's ability to continue as a going concern for a reasonable period of time.

We are required 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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of support, revenues, and expenses – budget to actual are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Blankenship CPA Group, PLLC

Blankenship CPA Group, PLLC
Goodlettsville, Tennessee
December 21, 2022

The King's Daughters Day Home
dba The King's Daughters Child Development Center
 Statements of Financial Position
 June 30, 2022 and 2021

	2022	2021
Assets		
Current assets		
Cash	\$ 837,535	\$ 738,364
Investments	1,284,893	1,086,643
Accounts receivable, fees	3,505	470
Accounts receivable, government assistance	12,977	12,694
Prepaid expenses	<u>22,762</u>	<u>21,691</u>
Total current assets	2,161,672	1,859,862
Property and equipment		
Land	207,476	207,476
Building and improvements	2,037,853	2,018,945
Equipment	101,303	101,575
Less: accumulated depreciation	<u>(643,616)</u>	<u>(577,837)</u>
Property and equipment, net	<u>1,703,016</u>	<u>1,750,159</u>
Total assets	\$ 3,864,688	\$ 3,610,021
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 25,897	\$ 26,411
Payroll deductions payable	9,882	18,485
Deferred revenues	<u>4,636</u>	<u>-</u>
Total current liabilities	40,415	44,896
PPP loan	<u>-</u>	<u>142,658</u>
Total liabilities	40,415	187,554
Net assets		
Without donor restrictions	3,814,273	3,412,957
With donor restrictions	<u>10,000</u>	<u>9,510</u>
Total net assets	<u>3,824,273</u>	<u>3,422,467</u>
Total liabilities and net assets	\$ 3,864,688	\$ 3,610,021

The King's Daughters Day Home
dba The King's Daughters Child Development Center
Statement of Activities
For the Year Ended June 30, 2022

	Without donor restrictions	With donor restrictions	Total
Support and Revenues			
Contributions of cash and other financial assets	\$ 339,519	\$ 4,913	\$ 344,432
United Way	108,000	-	108,000
Government fees and grants	273,900	-	273,900
PPP loan forgiveness	142,658	-	142,658
Other grants	128,361	277,639	406,000
Fundraising events	11,602	-	11,602
Contributions of nonfinancial assets	4,500	-	4,500
Program service fees	522,017	-	522,017
Investment income, net	(174,940)	-	(174,940)
Non-investment interest income	536	-	536
Net assets released from restrictions	<u>282,062</u>	<u>(282,062)</u>	<u>-</u>
Total support and revenues	1,638,215	490	1,638,705
Expenses			
Program services	1,114,691	-	1,114,691
Management and general	113,203	-	113,203
Fundraising	<u>9,005</u>	<u>-</u>	<u>9,005</u>
Total expenses	1,236,899	-	1,236,899
Change in net assets	401,316	490	401,806
Net assets, beginning of year	<u>3,412,957</u>	<u>9,510</u>	<u>3,422,467</u>
Net assets, end of year	\$ 3,814,273	\$ 10,000	\$ 3,824,273

The King's Daughters Day Home
dba The King's Daughters Child Development Center
Statement of Activities
For the Year Ended June 30, 2021

	Without donor restrictions	With donor restrictions	Total
Support and Revenues			
Contributions of cash and other financial assets	\$ 65,984	\$ 6,075	\$ 72,059
United Way	108,000	-	108,000
Government fees and grants	438,203	-	438,203
PPP loan forgiveness	142,658	-	142,658
Other grants	527,509	40,500	568,009
Fundraising events	8,729	-	8,729
Contributions of nonfinancial assets	5,450	-	5,450
Program service fees	235,300	-	235,300
Investment income, net	162,656	-	162,656
Non-investment interest income	243	-	243
Net assets released from restrictions	<u>66,759</u>	<u>(66,759)</u>	<u>-</u>
Total support and revenues	1,761,491	(20,184)	1,741,307
Expenses			
Program services	975,407	-	975,407
Management and general	125,859	-	125,859
Fundraising	<u>2,083</u>	<u>-</u>	<u>2,083</u>
Total expenses	1,103,349	-	1,103,349
Change in net assets	658,142	(20,184)	637,958
Net assets, beginning of year	<u>2,754,815</u>	<u>29,694</u>	<u>2,784,509</u>
Net assets, end of year	\$ 3,412,957	\$ 9,510	\$ 3,422,467

The King's Daughters Day Home
dba The King's Daughters Child Development Center
Statement of Functional Expenses
For the Year Ended June 30, 2022

	Program services			Supporting services			Total
	Infant and toddler	Pre-school	Total program services	Management and general	Fundraising	Total supporting services	
Salaries	\$ 319,539	\$ 418,566	\$ 738,105	\$ 65,455	\$ 402	\$ 65,857	\$ 803,962
Employee benefits	10,651	13,966	24,617	2,182	-	2,182	26,799
Payroll taxes	22,472	29,465	51,937	4,572	31	4,603	56,540
Communication	1,211	1,211	2,422	309	-	309	2,731
Conferences and meetings	785	908	1,693	50	86	136	1,829
Depreciation and amortization	30,397	30,397	60,794	6,755	-	6,755	67,549
Dues and subscriptions	840	840	1,680	-	-	-	1,680
Fees and licenses	55	280	335	-	-	-	335
Insurance	1,082	732	1,814	17,358	-	17,358	19,172
Maintenance and repairs	29,453	31,397	60,850	393	-	393	61,243
Occupancy	9,636	15,070	24,706	-	-	-	24,706
Professional fees	4,452	13,355	17,807	10,275	-	10,275	28,082
Special events	-	-	-	-	4,507	4,507	4,507
Supplies and general	42,104	77,116	119,220	4,126	3,898	8,024	127,244
Teacher appreciation	150	787	937	544	54	598	1,535
Travel	126	127	253	-	-	-	253
Miscellaneous	1,722	5,799	7,521	1,184	27	1,211	8,732
	\$ 474,675	\$ 640,016	\$ 1,114,691	\$ 113,203	\$ 9,005	\$ 122,208	\$ 1,236,899

The King's Daughters Day Home
dba The King's Daughters Child Development Center
Statement of Functional Expenses
For the Year Ended June 30, 2021

	Program services			Supporting services			
	Infant and toddler	Pre-school	Total program services	Management and general	Fundraising	Total supporting services	Total
Salaries	\$ 283,409	\$ 317,108	\$ 600,517	\$ 60,188	\$ 345	\$ 60,533	\$ 661,050
Employee benefits	4,270	4,270	8,540	25,620	-	25,620	34,160
Payroll taxes	22,940	24,467	47,407	5,495	26	5,521	52,928
Communication	1,868	1,597	3,465	538	-	538	4,003
Conferences and meetings	1,080	1,357	2,437	55	-	55	2,492
Depreciation and amortization	28,597	28,598	57,195	6,355	-	6,355	63,550
Dues and subscriptions	840	210	1,050	765	630	1,395	2,445
Fees and licenses	150	605	755	115	-	115	870
Insurance	10,688	11,539	22,227	2,041	-	2,041	24,268
Maintenance and repairs	21,122	43,853	64,975	3,181	-	3,181	68,156
Occupancy	9,758	13,457	23,215	1,271	-	1,271	24,486
Professional fees	3,679	9,425	13,104	12,370	-	12,370	25,474
Special events	125	125	250	486	634	1,120	1,370
Supplies and general	35,396	88,544	123,940	6,914	448	7,362	131,302
Teacher appreciation	97	481	578	97	-	97	675
Travel	160	183	343	-	-	-	343
Miscellaneous	1,135	4,274	5,409	368	-	368	5,777
	\$ 425,314	\$ 550,093	\$ 975,407	\$ 125,859	\$ 2,083	\$ 127,942	\$ 1,103,349

The King's Daughters Day Home
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Statements of Cash Flows
For the Years Ended June 30, 2022 and 2021

	2022	2021
Cash, beginning of year	\$ 738,364	\$ 229,220
Cash flows from operating activities		
Change in net assets	401,806	637,958
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	67,549	63,550
Realized loss (gain) on investments, net of fees	(29,921)	(16,286)
Unrealized loss (gain) on investments, net of fees	230,407	(132,764)
Reinvested dividends and interest, net of fees	(5,558)	(1,148)
Forgiveness of PPP loan	(142,658)	(142,658)
Change in:		
Accounts receivable, fees	(3,035)	7,117
Accounts receivable, government assistance	(283)	-
Prepaid expenses	(1,071)	(18,241)
Accounts payable	(514)	17,022
Payroll deductions payable	(8,603)	10,403
Deferred revenues	4,636	(4,425)
Net cash provided (used) by operating activities	512,755	420,528
Cash flows from investing activities		
Payments for the purchase of investments	(254,384)	(105,379)
Proceeds from the sale of investments	232,844	92,883
Transfers from investments	(371,638)	407
Payments for the purchase of property and equipment	(20,406)	(41,953)
Net cash provided (used) by investing activities	(413,584)	(54,042)
Cash flows from financing activities		
Proceeds from PPP loan	-	142,658
Net change in cash	99,171	509,144
Cash, end of year	\$ 837,535	\$ 738,364
Supplemental disclosures of cash flow information		
Noncash investing transactions:		
Reinvested dividends on investments	\$ 17,451	\$ 11,684

The King's Daughters Day Home
dba The King's Daughters Child Development Center
Notes to Financial Statements
For the Years Ended June 30, 2022 and 2021

Note 1. Summary of Significant Accounting Policies

Organization and Nature of Activities

The King's Daughters Day Home dba The King's Daughters Development Center (the Day Home) is a United Way supported, not-for-profit childcare facility for working parents residing in the community of Madison, Tennessee. The children served are primarily from low-income families who depend on public and private agencies to help with the cost of day care service. The Day Home's support comes from individual and corporate contributions, various government and foundation grants, and fees charged for providing child care services.

Basis of Accounting

The financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (US GAAP).

Financial Statement Presentation

The net assets of the Day Home and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions.

Net assets with donor restrictions – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Day Home and/or the passage of time.

Use of Estimates

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

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Day Home defines cash and cash equivalents to include only cash on hand and deposits in banks. Funds held with investment brokers are considered investments in the financial statements. As of June 30, 2022 and 2021, there are no cash equivalents.

Accounts Receivable

Accounts receivable result from billings for tuition and fees. Accounts receivable are stated at the amount expected to be collected from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. At June 30, 2022 and 2021, the Day Home had no allowance for doubtful accounts receivable.

Accrued Compensated Absences

Employees at the Day Home accrue 10 sick days per year. All unused days carry forward to a maximum of 30 days. Employees with over 30 sick days at year-end are compensated for the excess. At termination of employment, there is no compensation for any unused sick days. The Day Home does not consider the liability for accrued compensated absences to be material and therefore has not recognized a liability at June 30, 2022 and 2021.

The King's Daughters Day Home
dba The King's Daughters Child Development Center
Notes to Financial Statements
For the Years Ended June 30, 2022 and 2021

Note 1. Summary of Significant Accounting Policies

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. All donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Contributions restricted for specific purposes are reflected as unrestricted contributions if the restriction is fulfilled in the same fiscal year as it is received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their estimated fair values in the period received.

Program Service Fees

Program service fees are recognized when services are rendered. Deferred revenues consist of receipts for billings for the subsequent year.

Income Taxes

The Day Home is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code except on net income derived from unrelated business income.

US GAAP requires the Day Home's management to evaluate tax positions taken by the Day Home and recognize a tax liability (or an asset) if the Day Home has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Day Home's management has analyzed the tax positions taken by the Day Home and has concluded that as of June 30, 2022 no uncertain positions have been taken or are expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Day Home is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Functional Expenses

The costs of providing program services have been summarized on a functional basis in the statements of activities. Some costs have been charged using specific identification. Costs that include a reasonable allocation method are as follows:

	Method of allocation
Depreciation	Square footage
Employee benefits	Time and effort
Occupancy	Square footage
Payroll taxes	Time and effort
Professional fees	Time and effort
Salaries	Time and effort
Travel	Time and effort
Supplies and general	Time and effort

The King's Daughters Day Home
dba The King's Daughters Child Development Center
Notes to Financial Statements
For the Years Ended June 30, 2022 and 2021

Note 1. Summary of Significant Accounting Policies

Functional Expenses

Expenses are charged directly to program services, management and general, or fundraising based on both specific identification and allocation by management.

Investments

Investments are stated at their readily determinable fair market value in accordance with the *Certain Investments Held by Not-for-Profit Organizations* topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC).

Fair Value Measurements

The Day Home determines the fair market value of financial assets and liabilities that are required to be carried at such amounts in accordance with the *Fair Value Measurements and Disclosures* topic of the FASB ASC. Fair value is required to be evaluated and adjusted according to the following valuation techniques.

Level 1 – Fair value is determined using quoted market prices in active markets for identical assets and liabilities.

Level 2 – Fair value is determined using quoted market prices in active markets for similar assets and liabilities.

Level 3 – Fair value is determined using unobservable market prices in a market that is typically inactive.

Property and Equipment

Donations of property and equipment are recorded as support at their estimated fair value on the date donated. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Day Home reports expirations of donor restrictions when the donated or acquired assets are placed in service. Purchased property and equipment with a cost greater than \$500 and useful lives greater than one year are carried at cost. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets ranging from 3 to 40 years.

PPP Loan

On January 30, 2020, the World Health Organization declared the COVID-19 outbreak a "Public Health Emergency of International Concern" and on March 11, 2020, declared it to be a pandemic. The Day Home received a loan in accordance with the Paycheck Protection Program (PPP) section of the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act). US GAAP provides organizations with two alternatives for reporting the loan and any future forgiveness: 1) proceeds can be treated as debt and future forgiveness recognized as income when the loan or any portion thereof is formally discharged; or 2) proceeds can be treated as a conditional contribution where they recognize a refundable advance and derecognize the liability, and recognize income, as the conditions for forgiveness are substantially met or explicitly waived. The Day Home has elected to treat the PPP loan as debt.

The King's Daughters Day Home
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Notes to Financial Statements
For the Years Ended June 30, 2022 and 2021

New Accounting Pronouncement

In September 2020, FASB issued Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU requires a not-for-profit entity to present contributed nonfinancial assets in the statement of activities as a line item separate from contributions of cash or other financial assets. It also requires additional qualitative and quantitative disclosures about contributed nonfinancial assets received, disaggregated by category. The ASU has been applied retrospectively to all periods presented. Adoption of this ASU had no impact on net assets.

Note 2. Availability and Liquidity

The following represents the Day Home's financial assets at:

	2022	2021
Financial assets		
Cash	\$ 837,535	\$ 738,364
Investments	1,284,893	1,086,643
Accounts receivable, fees	3,505	470
Accounts receivable, government assistance	<u>12,977</u>	<u>12,694</u>
Total financial assets at year-end	2,138,910	1,838,171
Less amounts not available to be used within one year		
Net assets with donor restrictions	10,000	9,510
Less net assets with time or purpose restrictions to be met in less than a year	<u>(10,000)</u>	<u>(9,510)</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ 2,138,910	\$ 1,838,171

The Day Home's goal is to maintain financial assets to meet 90 days of operating expenses which is estimated by the Day Home to be \$305,000. As part of its liquidity plan, excess cash is invested in securities and money market accounts.

Note 3. Investments

The Day Home holds investments in various accounts. The various types of investments, carried at the fair market value determined on June 30, 2022 using quoted market prices, are listed below:

	Fair Market Value	Cost	Cumulative Unrealized Gain (Loss)
Interest-bearing cash	\$ 45,473	\$ 45,473	\$ -
Mutual funds and common stock	<u>1,239,420</u>	<u>1,321,029</u>	<u>(81,609)</u>
Total investments	\$ 1,284,893	\$ 1,366,502	\$ (81,609)

The King's Daughters Day Home
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Notes to Financial Statements
For the Years Ended June 30, 2022 and 2021

Note 3. Investments

The Day Home holds investments in various accounts. The various types of investments, carried at the fair market value determined on June 30, 2021 using quoted market prices, are listed below:

	Fair Market Value	Cost	Cumulative Unrealized Gain (Loss)
Interest-bearing cash	\$ 16,408	\$ 16,408	\$ -
Mutual funds	<u>1,070,235</u>	<u>920,070</u>	<u>150,165</u>
Total investments	\$ 1,086,643	\$ 936,478	\$ 150,165

Investment income consists of the following:

	2022	2021
Interest and dividend income	\$ 37,439	\$ 24,142
Realized gain (loss) on investments	29,921	16,286
Unrealized gain (loss) on investments	(230,407)	132,764
Investment fees	<u>(11,893)</u>	<u>(10,536)</u>
Investment income, net	\$ (174,940)	\$ 162,656

Note 4. Fair Value Measurements

The following assets carried at fair value are reviewed and adjusted on a recurring basis based on quoted market prices. Fair values at June 30, 2022 are as follows:

	Level 1	Level 2	Level 3	Total
Common Stock	\$ 1,334	\$ -	\$ -	\$ 1,334
Mutual Funds	<u>1,238,086</u>	<u>-</u>	<u>-</u>	<u>1,238,086</u>
Total investments	1,239,420	-	-	1,239,420

Fair values at June 30, 2021 are as follows:

	Level 1	Level 2	Level 3	Total
Mutual Funds	\$ 1,070,235	\$ -	\$ -	\$ 1,070,235

Note 5. Net Assets With Donor Restrictions

Net assets with donor restrictions include the following:

	2022	2021
Literacy	\$ 10,000	\$ 9,510

The King's Daughters Day Home
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Notes to Financial Statements
For the Years Ended June 30, 2022 and 2021

Note 6. Line of Credit

The Day Home has a \$100,000 line of credit with a financial institution. The line is secured by real property. The terms of the line of credit allow the Day Home to borrow funds until October 6, 2026. At that time, any balance plus accrued interest of 4.5% will be due. There were no outstanding borrowings on the line of credit at June 30, 2022 and 2021.

Note 7. PPP Loans

The Day Home received a loan in the amount of \$142,658 on April 20, 2020 in accordance with the PPP section of the CARES Act. In April 2021, the loan was forgiven in full by the Small Business Administration.

The Day Home received a second loan in the amount of \$142,658 on January 28, 2021 in accordance with the PPP section of the CARES Act. In October 2021, the second loan was forgiven in full by the Small Business Administration.

Note 8. Concentrations

The Day Home is exposed to risk of concentration regarding grants received from the United Way. During the years ended June 30, 2022 and 2021, the United Way grant represented 7% and 8% of total revenues, respectively.

The Day Home is exposed to risk of concentration regarding funding received from the Tennessee Department of Human Services. During the years ended June 30, 2022 and 2021, funding from the department represented 30% and 34% of total revenues, respectively.

The Day Home is exposed to risk of concentration regarding funding received from a single donor. During the years ended June 30, 2022 and 2021, funding from the donor represented 20% and 12% of total revenues, respectively.

The Day Home has cash balances in a bank in excess of amounts federally insured. The uninsured balances totaled approximately \$590,000 and \$510,000 at June 30, 2022 and 2021, respectively. The Day Home maintains its cash with a high quality financial institution which the Day Home believes limits these risks.

Note 9. Contributions of Nonfinancial Assets

The following represents contributions of nonfinancial assets:

	2022	2021
Professional services	\$ 4,500	\$ 5,450

Unless otherwise noted, the Day Home did not recognize any contributions of nonfinancial assets with donor-imposed restrictions.

Contributed services recognized comprise professional auditing services for the performance of the audit of the financial statements of the Day Home. Contributed services are valued and are reported at their estimated fair value in the financial statement based on current rates for similar accounting services.

The King's Daughters Day Home
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Notes to Financial Statements
For the Years Ended June 30, 2022 and 2021

Note 10. Leases

The Day Home leases equipment in accordance with the following agreements:

The dishwashing equipment lease is a one-year lease that automatically renews each year upon expiration. Monthly lease payments are \$80 rent plus minimum \$150 in product purchases. For purposes of schedule below, only the rent portion is reflected.

In July 2021, the Day Home entered into a 60-month lease for two color copiers. Minimum monthly payments are \$511 with copier overages billed quarterly.

The following is a schedule by year, of future year's minimum rental payments:

Year ended June 30,	Annual lease payments
2023	\$ 7,092
2024	6,132
2025	6,132
2026	<u>6,132</u>
Total	\$ 25,488

Rental expense was \$5,633 and \$7,089 for the years ended June 30, 2022 and 2021, respectively.

Note 11. Employee Benefit Plan

The Day Home maintains a Savings Incentive Match (SIMPLE) Plan. Eligible employees must have worked two of the previous three years to be covered under the plan. The Day Home contributes 2% to the plan for each eligible employee. For the years ended June 30, 2022 and 2021, \$3,302 and \$8,157 in contributions were made to the SIMPLE plan.

Note 12. Related Parties

Two of the Day Home's investment accounts are managed by a board member at a financial institution. These investments totaled \$195,592 at June 30, 2022.

Note 13. Subsequent Events

Management has evaluated subsequent events through December 21, 2022, the date on which the financial statements were available for issuance.

Supplementary Information

The King's Daughters Day Home
dba The King's Daughters Child Development Center
Schedule of Support, Revenues, and Expenses - Budget to Actual
For the Year Ended June 30, 2022

	Actual	Budget	Variance favorable (unfavorable)
Support and Revenues			
Contributions	\$ 344,432	\$ 20,000	\$ 324,432
United Way	108,000	108,000	-
Government fees and grants	273,900	173,100	100,800
PPP loan forgiveness	142,658	142,658	-
Other grants	406,000	174,500	231,500
Fundraising events	11,602	66,673	(55,071)
In-kind donations	4,500	-	4,500
Program service fees	522,017	405,000	117,017
Interest and dividend income	37,975	-	37,975
Realized gain (loss) on investments	29,921	-	29,921
Unrealized gain (loss) on investments	(230,407)	-	(230,407)
Investment fees	(11,893)	-	(11,893)
Total support and revenues	1,638,705	1,089,931	548,774
Expenses			
Salaries	803,962	713,000	(90,962)
Employee benefits	26,799	50,500	23,701
Payroll taxes	56,540	57,700	1,160
Communication	2,731	4,200	1,469
Conferences and meetings	1,829	5,000	3,171
Depreciation and amortization	67,549	-	(67,549)
Dues and subscriptions	1,680	2,000	320
Fees and licenses	335	850	515
Insurance	19,172	18,000	(1,172)
Maintenance and repairs	61,243	23,000	(38,243)
Occupancy	24,706	48,400	23,694
Professional fees	28,082	24,600	(3,482)
Special events	4,507	13,700	9,193
Supplies and general	127,244	123,781	(3,463)
Teacher appreciation	1,535	600	(935)
Travel	253	600	347
Miscellaneous	8,732	4,000	(4,732)
Total expenses	1,236,899	1,089,931	(146,968)
Excess (deficiency) of revenues over expenses	\$ 401,806	\$ -	\$ 401,806

The King's Daughters Day Home
dba The King's Daughters Child Development Center
Schedule of Support, Revenues, and Expenses - Budget to Actual
For the Year Ended June 30, 2021

	Actual	Budget	Variance favorable (unfavorable)
Support and Revenues			
Contributions	\$ 72,059	\$ 13,130	\$ 58,929
United Way	108,000	108,000	-
Government fees and grants	438,203	222,595	215,608
PPP loan forgiveness	142,658	-	142,658
Other grants	568,009	308,549	259,460
Fundraising events	8,729	66,500	(57,771)
In-kind donations	5,450	-	5,450
Program service fees	235,300	377,000	(141,700)
Interest and dividend income	24,385	-	24,385
Realized gain (loss) on investments	16,286	-	16,286
Unrealized gain (loss) on investments	132,764	-	132,764
Investment fees	(10,536)	-	(10,536)
Total support and revenues	1,741,307	1,095,774	645,533
Expenses			
Salaries	661,050	703,000	41,950
Employee benefits	34,161	49,500	15,339
Payroll taxes	52,928	57,000	4,072
Communication	4,002	3,900	(102)
Conferences and meetings	2,492	3,000	508
Depreciation and amortization	63,550	-	(63,550)
Dues and subscriptions	2,445	2,000	(445)
Fees and licenses	870	500	(370)
Insurance	24,268	29,400	5,132
Maintenance and repairs	68,156	23,000	(45,156)
Occupancy	24,486	48,000	23,514
Professional fees	25,474	25,600	126
Special events	1,370	7,500	6,130
Supplies and general	131,302	138,174	6,872
Teacher appreciation	675	600	(75)
Travel	343	600	257
Miscellaneous	5,777	4,000	(1,777)
Total expenses	1,103,349	1,095,774	(7,575)
Excess (deficiency) of revenues over expenses	\$ 637,958	\$ -	\$ 637,958