

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

Financial Statements  
For the Years Ended June 30, 2021 and 2020

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Financial Statements  
For the Years Ended June 30, 2021 and 2020

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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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of The King's Daughters Day Home dba The King's Daughters Child Development Center (a not-for-profit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The King's Daughters Day Home dba The King's Daughters Child Development Center as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matter**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the 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  
November 4, 2021

**The King's Daughters Day Home**  
**dba The King's Daughters Child Development Center**  
 Statements of Financial Position  
 June 30, 2021 and 2020

	2021	2020
<b>Assets</b>		
Current assets		
Cash	\$ 738,364	\$ 229,220
Investments	1,086,643	924,356
Accounts receivable, fees	470	7,587
Accounts receivable, government assistance	12,694	12,694
Prepaid expenses	21,691	3,450
Total current assets	<u>1,859,862</u>	<u>1,177,307</u>
Property and equipment		
Land	207,476	207,476
Building and improvements	2,018,945	1,986,982
Equipment	101,575	104,875
Less: accumulated depreciation	<u>(577,837)</u>	<u>(527,577)</u>
Property and equipment, net	<u>1,750,159</u>	<u>1,771,756</u>
Total assets	<b>\$ 3,610,021</b>	<b>\$ 2,949,063</b>
<b>Liabilities and Net Assets</b>		
Current liabilities		
Accounts payable	\$ 26,411	\$ 9,389
Payroll deductions payable	18,485	8,082
Deferred revenues	<u>-</u>	<u>4,425</u>
Total current liabilities	44,896	21,896
PPP loan	<u>142,658</u>	<u>142,658</u>
Total liabilities	187,554	164,554
Net assets		
Without donor restrictions	3,412,957	2,754,815
With donor restrictions	<u>9,510</u>	<u>29,694</u>
Total net assets	<u>3,422,467</u>	<u>2,784,509</u>
Total liabilities and net assets	<b>\$ 3,610,021</b>	<b>\$ 2,949,063</b>

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

	<b>Without donor restrictions</b>	<b>With donor restrictions</b>	<b>Total</b>
<b>Support and Revenues</b>			
Contributions	\$ 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
In-kind donations	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
<b>Expenses</b>			
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	<b>\$ 3,412,957</b>	<b>\$ 9,510</b>	<b>\$ 3,422,467</b>

**The King's Daughters Day Home**  
**dba The King's Daughters Child Development Center**  
Statement of Activities  
For the Year Ended June 30, 2020

	<b>Without donor restrictions</b>	<b>With donor restrictions</b>	<b>Total</b>
<b>Support and Revenues</b>			
Contributions	\$ 75,132	\$ -	\$ 75,132
United Way	108,930	-	108,930
Government fees and grants	182,201	-	182,201
Other grants	5,122	195,488	200,610
Fundraising events, net of direct benefit to donors of \$8,049	5,701	-	5,701
In-kind donations	5,600	-	5,600
Program service fees	444,307	-	444,307
Investment income, net	25,616	-	25,616
Net assets released from restrictions	<u>180,931</u>	<u>(180,931)</u>	<u>-</u>
Total support and revenues	1,033,540	14,557	1,048,097
<b>Expenses</b>			
Program services	910,904	-	910,904
Management and general	155,702	-	155,702
Fundraising	<u>10,141</u>	<u>-</u>	<u>10,141</u>
Total expenses	1,076,747	-	1,076,747
Change in net assets	(43,207)	14,557	(28,650)
Net assets, beginning of year	<u>2,798,022</u>	<u>15,137</u>	<u>2,813,159</u>
Net assets, end of year	<b>\$ 2,754,815</b>	<b>\$ 29,694</b>	<b>\$ 2,784,509</b>

**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
	<b>\$ 425,314</b>	<b>\$ 550,093</b>	<b>\$ 975,407</b>	<b>\$ 125,859</b>	<b>\$ 2,083</b>	<b>\$ 127,942</b>	<b>\$ 1,103,349</b>



**The King's Daughters Day Home**  
**dba The King's Daughters Child Development Center**  
Statement of Functional Expenses  
For the Year Ended June 30, 2020

	Program services			Supporting services			Total
	Infant and toddler	Pre-school	Total program services	Management and general	Fundraising	Total supporting services	
Salaries	\$ 265,377	\$ 319,814	\$ 585,191	\$ 88,459	\$ 6,804	\$ 95,263	\$ 680,454
Employee benefits	4,692	4,692	9,384	28,151	-	28,151	37,535
Payroll taxes	21,290	25,657	46,947	7,097	546	7,643	54,590
Communication	1,604	488	2,092	1,046	349	1,395	3,487
Conferences and meetings	358	2,490	2,848	-	-	-	2,848
Depreciation and amortization	30,657	25,513	56,170	6,241	-	6,241	62,411
Dues and subscriptions	1,031	1,532	2,563	-	-	-	2,563
Fees and licenses	80	378	458	-	-	-	458
Insurance	12,392	10,569	22,961	1,825	-	1,825	24,786
Maintenance and repairs	26,464	18,736	45,200	2,957	-	2,957	48,157
Occupancy	9,312	13,146	22,458	1,524	-	1,524	23,982
Professional fees	10,531	10,531	21,062	2,633	2,633	5,266	26,328
Special events	-	-	-	-	7,858	7,858	7,858
Supplies and general	38,862	49,632	88,494	15,763	-	15,763	104,257
Teacher appreciation	296	389	685	-	-	-	685
Travel	90	165	255	-	-	-	255
Miscellaneous	686	3,450	4,136	6	-	6	4,142
	<b>\$ 423,722</b>	<b>\$ 487,182</b>	<b>\$ 910,904</b>	<b>\$ 155,702</b>	<b>\$ 18,190</b>	<b>\$ 173,892</b>	<b>\$ 1,084,796</b>

**The King's Daughters Day Home**  
**dba The King's Daughters Child Development Center**  
**Statements of Cash Flows**  
**For the Years Ended June 30, 2021 and 2020**

	<b>2021</b>	<b>2020</b>
Cash, beginning of year	\$ 229,220	\$ 90,559
<b>Cash flows from operating activities</b>		
Change in net assets	637,958	(28,650)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	63,550	62,411
Realized loss (gain) on investments, net of fees	(16,286)	4,280
Unrealized loss (gain) on investments, net of fees	(132,764)	(8,573)
Reinvested dividends and interest, net of fees	(1,148)	(11,243)
Change in:		
Accounts receivable, fees	7,117	(3,550)
Prepaid expenses	(18,241)	(599)
Accounts payable	17,022	(7,967)
Payroll deductions payable	10,403	1,549
Deferred revenues	(4,425)	-
Net cash provided (used) by operating activities	563,186	7,658
<b>Cash flows from investing activities</b>		
Payments for the purchase of investments	(105,379)	(295,949)
Proceeds from the sale of investments	92,883	286,908
Transfers from investments	407	37
Payments for the purchase of property and equipment	(41,953)	(2,651)
Net cash provided (used) by investing activities	(54,042)	(11,655)
<b>Cash flows from financing activities</b>		
Proceeds from PPP loan	142,658	142,658
Forgiveness of original PPP loan	(142,658)	-
Net cash provided (used) by financing activities	-	142,658
Net change in cash	509,144	138,661
Cash, end of year	<b>\$ 738,364</b>	<b>\$ 229,220</b>
<b>Supplemental disclosures of cash flow information</b>		
Noncash investing transactions:		
Reinvested dividends on investments	\$ 11,684	\$ 22,044

**The King's Daughters Day Home**  
**dba The King's Daughters Child Development Center**  
Notes to Financial Statements  
For the Years Ended June 30, 2021 and 2020

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**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, 2021 and 2020, 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, 2021 and 2020, 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, 2021 and 2020.

**The King's Daughters Day Home**  
**dba The King's Daughters Child Development Center**  
Notes to Financial Statements  
For the Years Ended June 30, 2021 and 2020

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**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 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, 2021 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:

	<b>Method of allocation</b>
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, 2021 and 2020

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**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 and Depreciation**

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 Day Home has not recorded accrued interest due on the note through fiscal year-end as the amount is immaterial.

**The King's Daughters Day Home**  
**dba The King's Daughters Child Development Center**  
Notes to Financial Statements  
For the Years Ended June 30, 2021 and 2020

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**Note 1. Summary of Significant Accounting Policies**

**Reclassification of Prior Year Numbers**

Certain accounts on the statement of activities and the statement of functional expenses for the year ended June 30, 2020, have been reclassified, with no effect to net assets, to be consistent with the classifications adopted for the year ended June 30, 2021.

**Note 2. Availability and Liquidity**

The following represents the Day Home's financial assets at June 30, 2021 and 2020:

	2021	2020
Financial assets		
Cash	\$ 738,364	\$ 229,222
Investments	1,086,643	924,356
Accounts receivable, fees	470	7,587
Accounts receivable, government assistance	<u>12,694</u>	<u>12,694</u>
Total financial assets at year-end	1,838,171	1,173,859
Less amounts not available to be used within one year		
Net assets with donor restrictions	9,510	29,694
Less net assets with time or purpose restrictions to be met in less than a year	<u>(9,510)</u>	<u>(29,694)</u>
Financial assets available to meet cash needs for general expenditures within one year	<b>\$ 1,838,171</b>	<b>\$ 1,173,859</b>

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 \$273,000. 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, 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	<b>\$ 1,086,643</b>	<b>\$ 936,478</b>	<b>\$ 150,165</b>

**The King's Daughters Day Home**  
**dba The King's Daughters Child Development Center**  
Notes to Financial Statements  
For the Years Ended June 30, 2021 and 2020

**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, 2020 using quoted market prices, are listed below:

	<b>Fair Market Value</b>	<b>Cost</b>	<b>Cumulative Unrealized Gain (Loss)</b>
Interest-bearing cash	\$ 28,720	\$ 28,720	\$ -
Mutual funds	<u>895,636</u>	<u>878,387</u>	<u>17,249</u>
Total investments	<b>\$ 924,356</b>	<b>\$ 907,107</b>	<b>\$ 17,249</b>

Investment income for the years ended June 30 consist of the following:

	<b>2021</b>	<b>2020</b>
Interest and dividend income	\$ 24,142	\$ 31,138
Realized gain (loss) on investments	16,286	(4,280)
Unrealized gain (loss) on investments	132,764	8,573
Investment fees	<u>(10,536)</u>	<u>(9,815)</u>
Investment income, net	<b>\$ 162,656</b>	<b>\$ 25,616</b>

**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, 2021 are as follows:

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Mutual Funds	\$ 1,070,235	\$ -	\$ -	\$ 1,070,235

Fair values at June 30, 2020 are as follows:

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Mutual Funds	\$ 895,636	\$ -	\$ -	\$ 895,636

**Note 5. Net Assets With Donor Restrictions**

Net assets with donor restrictions as of June 30 include the following:

	<b>2021</b>	<b>2020</b>
Literacy	\$ 9,510	\$ 7,000
Salaries and professional development	<u>-</u>	<u>22,694</u>
Total net assets with donor restrictions	<b>\$ 9,510</b>	<b>\$ 29,694</b>

**The King's Daughters Day Home**  
**dba The King's Daughters Child Development Center**  
Notes to Financial Statements  
For the Years Ended June 30, 2021 and 2020

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**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. The balance for the line of credit as of June 30, 2021 and 2020 was \$0.

**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 in February 2021. Under this loan program, the entity may be eligible for forgiveness of some portion of the loan up to 100%, if and when qualifying conditions are met. Accounting for the loan and any future forgiveness could have an impact on future financial reporting. As of the report date, management is actively monitoring qualifying conditions to maximize future loan forgiveness and has expended 100% on potential qualifying costs as defined by the legislation. The unsecured note bears interest at 1.00% and matures in February 2026.

**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, 2021 and 2020, the United Way grant represented 8% and 10% 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, 2021 and 2020, funding from the department represented 34% and 17% of total revenues, respectively.

The Day Home is exposed to risk of concentration regarding funding received from a single donor in 2021. During the year ended June 30, 2021, funding from a single donor represented 12% of total revenues. This is a non-recurring donation.

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



**The King's Daughters Day Home**  
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Notes to Financial Statements  
For the Years Ended June 30, 2021 and 2020

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**Note 9. Donated Property, Equipment, Facilities, and Services**

Donated property, equipment, and services are used in the ongoing operations of The Day Home. The value of donated property, equipment, facilities, and services included in the financial statements and the corresponding expenditure or asset capitalization for the years ended June 30 are as follows:

	<b>2021</b>	<b>2020</b>
Revenues		
Professional services	\$ 5,450	\$ 5,600
Expenses		
Professional services	\$ 5,450	\$ 5,600

**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.

The Xerox copier lease is a 60-month lease that will terminate in October 2022. Monthly lease payments are \$193. This lease was replaced in July 2021.

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 as of June 30, 2021:

<b>Year ended June 30,</b>	<b>Annual lease payments</b>
2022	\$ 7,092
2023	6,132
2024	6,132
2025	6,132
2026	<u>6,132</u>
Total	<b>\$ 31,620</b>

Rental expense was \$7,089 and \$6,176 for the years ended June 30, 2021 and 2020.

**The King's Daughters Day Home**  
**dba The King's Daughters Child Development Center**  
Notes to Financial Statements  
For the Years Ended June 30, 2021 and 2020

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**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, 2021 and 2020, \$8,157 and \$8,649 in contributions were made to the SIMPLE plan.

**Note 12. Subsequent Events**

Management has evaluated subsequent events through November 4, 2021, 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, 2021

	<b>Actual</b>	<b>Budget</b>	<b>Variance favorable (unfavorable)</b>
<b>Support and Revenues</b>			
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
<b>Expenses</b>			
Salaries	661,050	703,000	41,950
Employee benefits	34,160	49,500	15,340
Payroll taxes	52,928	57,000	4,072
Communication	4,003	3,900	(103)
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

**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, 2020

	<b>Actual</b>	<b>Budget</b>	<b>Variance favorable (unfavorable)</b>
<b>Support and Revenues</b>			
Contributions	\$ 75,132	\$ 131,950	\$ (56,818)
United Way	108,930	108,000	930
Government fees and grants	182,201	137,000	45,201
Other grants	200,610	150,000	50,610
Fundraising events, net of direct benefit to donors of \$8,049	5,701	60,000	(54,299)
In-kind donations	5,600	-	5,600
Program service fees	444,307	509,000	(64,693)
Interest and dividend income	31,138	-	31,138
Realized gain (loss) on investments	(4,280)	-	(4,280)
Unrealized gain (loss) on investments	8,573	-	8,573
Investment fees	(9,815)	-	(9,815)
Total support and revenues	1,048,097	1,095,950	(47,853)
<b>Expenses</b>			
Salaries	680,454	717,500	37,046
Employee benefits	37,535	41,500	3,965
Payroll taxes	54,590	56,200	1,610
Communication	3,296	4,050	754
Conferences and meetings	2,848	5,000	2,152
Depreciation and amortization	62,411	-	(62,411)
Dues and subscriptions	2,563	3,600	1,037
Fees and licenses	458	500	42
Insurance	24,786	25,400	614
Maintenance and repairs	48,157	56,900	8,743
Occupancy	23,982	24,100	118
Professional fees	26,328	25,650	(678)
Special events	-	16,300	16,300
Supplies and general	104,257	114,800	10,543
Teacher appreciation	685	500	(185)
Travel	255	600	345
Miscellaneous	4,142	3,350	(792)
Total expenses	1,076,747	1,095,950	19,203
Excess (deficiency) of revenues over expenses	\$ (28,650)	\$ -	\$ (28,650)