FANNIE BATTLE DAY HOME FOR CHILDREN, INC. AND AFFILIATE

CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTAL SCHEDULES

As of and for the Years Ended June 30, 2018 and 2017

And Report of Independent Auditor

Cherry Bekaert LLP
CPAs & Advisors

FANNIE BATTLE DAY HOME FOR CHILDREN, INC. AND AFFILIATE

TABLE OF CONTENTS

Cherry Bekaert LLP
CPAs & Advisors

Report of Independent Auditor

To the Board of Directors of
Fannie Battle Day Home for Children, Inc. and Affiliate
Nashville, Tennessee

We have audited the accompanying consolidated financial statements of Fannie Battle Day Home for Children, Inc. and Affiliate (a nonprofit organization) which comprise the consolidated statement of financial position as of June 30, 2018, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audit. We conducted our audit 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Fannie Battle Day Home for Children, Inc. and Affiliate as of June 30, 2018, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Year Financial Statements

The consolidated financial statements of Fannie Battle Day Home for Children, Inc. and Affiliate as of June 30, 2017, were audited by other auditors whose report dated November 4, 2017, expressed an unmodified opinion on those statements.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The 2018 consolidating information on pages 16 and 18 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, changes in net assets, and cash flows of the individual organizations. 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole. The 2017 information on pages 17 and 19 was subject to the auditing procedures applied in the 2017 audit of the basic financial statements by other auditors, whose report on such information stated that it was fairly stated in all material respects in relation to the 2017 financial statements as a whole.

Cherry Bekaert LLP

Nashville, Tennessee
November 12, 2018

FANNIE BATTLE DAY HOME FOR CHILDREN, INC. AND AFFILIATE

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2018 AND 2017

	2018	2017
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 126,553	$ 114,016
Investments	110,634	84,201
Grants, accounts, and contributions receivable	62,239	68,222
Prepaid expenses	3,767	6,225
Deposits	-	12,000
Total Current Assets	303,193	284,664
Property and Equipment:		
Land	178,000	178,000
Buildings	1,599,295	1,443,575
Equipment	178,881	178,881
Playground	120,110	120,110
Automobile	59,630	-
	2,135,916	1,920,566
Less accumulated depreciation	(410,507)	(346,526)
Property and Equipment, net	1,725,409	1,574,040
Investments designated for endowment	871,545	851,267
Total Assets	$ 2,900,147	$ 2,709,971
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	$ 5,620	$ 11,511
Accrued expenses	35,548	33,302
Note payable, current portion	9,120	5,857
Total Current Liabilities	50,288	50,670
Noncurrent Liabilities:		
Note payable, net of current portion	44,819	6,143
Total Liabilities	95,107	56,813
Net Assets:		
Board designated	871,545	851,267
Other unrestricted	1,907,591	1,797,581
Total unrestricted	2,779,136	2,648,848
Temporarily restricted	25,904	4,310
Total Net Assets	2,805,040	2,653,158
Total Liabilities and Net Assets	$ 2,900,147	$ 2,709,971

FANNIE BATTLE DAY HOME FOR CHILDREN, INC. AND AFFILIATE

CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2018

	Unrestricted	Temporarily Restricted	Total
Public Support and Revenues:			
Public Support:			
Contributions	$ 481,347	$ 25,904	$ 507,251
Membership fundraising activities	217,663	-	217,663
In-kind Contributions	50,000	-	50,000
Total Public Support	749,010	25,904	774,914
Revenues:			
Day home fees	573,185	-	573,185
DHS food subsidies	64,436	-	64,436
Investment return, net	47,404	-	47,404
Grants	30,600	-	30,600
Facility revenue	25,542	-	25,542
Total Revenues	741,167	-	741,167
Net assets released from restrictions	4,310	(4,310)	-
Total Public Support and Revenues	1,494,487	21,594	1,516,081
Expenses:			
Program services	1,120,336	-	1,120,336
Supporting services	243,863	-	243,863
Total Expenses	1,364,199	-	1,364,199
Change in net assets	130,288	21,594	151,882
Net assets, beginning of year	2,648,848	4,310	2,653,158
Net assets, end of year	$ 2,779,136	$ 25,904	$ 2,805,040

FANNIE BATTLE DAY HOME FOR CHILDREN, INC. AND AFFILIATE

CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2017

	Unrestricted	Temporarily Restricted	Total
Public Support and Revenues:			
Public Support:			
Contributions	$ 323,407	$ 4,310	$ 327,717
Membership fundraising activities	199,784	-	199,784
Capital campaign contributions	6,714	-	6,714
Total Public Support	529,905	4,310	534,215
Revenues:			
Day home fees	478,279	-	478,279
DHS food subsidies	61,575	-	61,575
Investment return, net	74,115	-	74,115
Grants	138,345	-	138,345
Facility revenue	21,843	-	21,843
Total Revenues	774,157	-	774,157
Net assets released from restrictions	894	(894)	-
Total Public Support and Revenues	1,304,956	3,416	1,308,372
Expenses:			
Program services	978,732	-	978,732
Supporting services	192,113	-	192,113
Total Expenses	1,170,845	-	1,170,845
Change in net assets	134,111	3,416	137,527
Net assets, beginning of year	2,514,737	894	2,515,631
Net assets, end of year	$ 2,648,848	$ 4,310	$ 2,653,158

FANNIE BATTLE DAY HOME FOR CHILDREN, INC. AND AFFILIATE

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2018

	Program Services	Supporting Services			
	Day Home	Fundraising Activities	General and Administrative	Total	Total Expenses
Salaries	$ 715,003	$ 64,916	$ 49,101	$ 114,017	$ 829,020
Repairs and maintenance					
(including in-kind of $20,000)	87,213	-	-	-	87,213
Payroll taxes	54,334	4,933	3,732	8,665	62,999
Groceries	61,102	-	-	-	61,102
Advertising and other fundraising					
(including in-kind of $30,000)	-	55,398	-	55,398	55,398
Utilities	38,582	-	-	-	38,582
Insurance	30,881	-	1,843	1,843	32,724
Children's enrichment	31,966	-	-	-	31,966
Legal and professional fees	-	-	23,230	23,230	23,230
Credit card fees	-	-	14,413	14,413	14,413
Printing and technology	-	-	13,340	13,340	13,340
Miscellaneous	10,340	-	-	-	10,340
Office supplies and expenses	-	-	10,298	10,298	10,298
Classroom expenses	7,467	-	-	-	7,467
Employee benefits	6,372	579	438	1,017	7,389
Teacher and family education	6,753	-	-	-	6,753
Auto expense	5,263	-	-	-	5,263
Permits and memberships	-	-	1,642	1,642	1,642
Interest	1,079	-	-	-	1,079
	1,056,355	125,826	118,037	243,863	1,300,218
Depreciation	63,981	-	-	-	63,981
Total	$ 1,120,336	$ 125,826	$ 118,037	$ 243,863	$ 1,364,199

The accompanying notes to the consolidated financial statements are an integral part of these statements.

FANNIE BATTLE DAY HOME FOR CHILDREN, INC. AND AFFILIATE

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2017

	Program Services	Supporting Services			
	Day Home	Fundraising Activities	General and Administrative	Total	Total Expenses
Salaries	$ 654,163	$ 58,782	$ 41,288	$ 100,070	$ 754,233
Repairs and maintenance	64,680	-	-	-	64,680
Payroll taxes	43,931	3,948	2,772	6,720	50,651
Groceries	50,453	-	-	-	50,453
Advertising and other fundraising	-	18,826	-	18,826	18,826
Utilities	36,949	-	-	-	36,949
Insurance	28,329	-	1,843	1,843	30,172
Children's enrichment	17,651	-	-	-	17,651
Legal and professional fees	-	-	27,915	27,915	27,915
Credit card fees	-	-	7,457	7,457	7,457
Printing and technology	-	-	13,931	13,931	13,931
Miscellaneous	2,656	-	-	-	2,656
Office supplies and expenses	-	-	9,564	9,564	9,564
Classroom expenses	3,776	-	-	-	3,776
Employee benefits	7,782	699	491	1,190	8,972
Teacher and family education	10,189	-	-	-	10,189
Auto expense	4,740	-	-	-	4,740
Permits and memberships	-	-	1,947	1,947	1,947
Interest	-	-	2,650	2,650	2,650
	925,299	82,255	109,858	192,113	1,117,412
Depreciation	53,433	-	-	-	53,433
Total	$ 978,732	$ 82,255	$ 109,858	$ 192,113	$ 1,170,845

FANNIE BATTLE DAY HOME FOR CHILDREN, INC. AND AFFILIATE
CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
Cash flows from operating activities:		
Change in net assets	$ 151,882	$ 137,527
Adjustments to reconcile change in net assets		
to net cash provided by operating activities:		
Contribution of investments	-	(3,000)
Depreciation	63,981	53,433
Realized and unrealized gain on investments, net	(23,912)	(56,476)
Changes in operating assets and liabilities:		
Grants, accounts, and contributions receivable	5,983	(39,699)
Prepaid expenses	2,458	1,033
Accounts payable	(5,891)	7,110
Accrued expenses	2,246	10,503
Net cash provided by operating activities	196,747	110,431
Cash flows from investing activities:		
Proceeds from sale of investments	121,320	92,491
Purchase of investments	(144,119)	(74,658)
Purchase of property and equipment	(203,350)	(20,373)
Net cash used in investing activities	(226,149)	(2,540)
Cash flows from financing activities:		
Principal payments on note payable	(6,061)	(95,810)
Proceeds from issuance of note payable	48,000	25,000
Net cash provided by (used in) financing activities	41,939	(70,810)
Net increase in cash and cash equivalents	12,537	37,081
Cash and cash equivalents, beginning of year	114,016	76,935
Cash and cash equivalents, end of year	$ 126,553	$ 114,016
Supplemental cash flow information:		
Cash paid during the year for interest	$ 1,079	$ 2,650
Supplemental schedule of noncash investing and financing activities:		
Contributed investments	$ -	$ 3,000
Deposit on property and equipment financed through note payable	$ -	$ 12,000

Note 1—Summary of significant accounting policies

Nature of Operations – Fannie Battle Day Home for Children, Inc. and Affiliate (the "Organization") is a not-for-profit corporation that maintains and operates a day home for the instruction and care of children of working parents and/or parents pursuing an education.

Principles of Consolidation – The consolidated financial statements include the accounts of the Fannie Battle Day Home for Children, Inc. and its affiliated supporting organization, Fannie Battle Day Home Endowment Fund, Inc. All significant inter-entity transactions and balances have been eliminated in consolidation.

Basis of Presentation – The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Net assets and revenues, expenses and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

> *Unrestricted Net Assets* – Net assets that are not subject to donor-imposed stipulations.
>
> *Temporarily Restricted Net Assets* – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. Contributions which are restricted for specific programs are reflected as unrestricted revenue if these funds are received and spent during the same fiscal year.
>
> *Permanently Restricted Net Assets* – Net assets subject to donor-imposed restrictions that they be maintained permanently by the Organization. Generally, the donors of these asset permit the Organization to use all or part of the income from these assets for the Organization's operations. At June 30, 2018 and 2017, there were no permanently restricted net assets.

Cash Equivalents – The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Promises to Give – Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. Donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Investments – In accordance with U.S. GAAP, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the consolidated statements of financial position. Unrealized gains and losses are included in the consolidated statements of activities.

Fair Values – The Organization has an established process for determining fair values. Fair values are based upon quoted market prices, where available. If listed prices or quotes are not available, fair values are based upon internally developed models or processes that use primarily market-based or independently-sourced market data. Valuation adjustments may be made to ensure that financial instruments are recorded at fair value. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies, or assumptions, to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date. U.S. GAAP has a three-level valuation hierarchy for fair value measurements. A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Note 1—Summary of significant accounting policies (continued)

The three levels are explained as follows:

Level 1 – Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 – Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset and liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Investments are reported at fair value as reported by the respective funds using quoted market prices. Certificates of deposit are reported at cost which approximates fair value. No changes in the valuation methodologies have been made during the year ended June 30, 2018.

Receivables – Accounts and contributions receivable are expected to be received within the coming fiscal year. Accounts and contributions receivable are reviewed periodically as to their collectability. Based on collection experience and management's review, no allowance for doubtful accounts is considered necessary at June 30, 2018 and 2017.

Income Tax Status – The Organization and its affiliated supporting organization are tax-exempt organizations under Section 501(c)(3) of the Internal Revenue Code, and are classified as organizations that are not private foundations as defined in Section 509(a) of the Internal Revenue Code. Therefore, no provision for federal income taxes is included in the accompanying consolidated financial statements.

The Organization follows Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") guidance concerning the accounting for income taxes recognized in an entity's financial statements. This guidance prescribes a minimum probability threshold that a tax position must meet before a financial statement benefit is recognized. The minimum threshold is defined as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than 50% likely of being realized upon ultimate settlement. The Organization does not believe there are any uncertain tax positions at June 30, 2018 and 2017. Additionally, the Organization has not recognized any tax related interest and penalties in the accompanying consolidated financial statements.

Endowment Funds – The Uniform Prudent Management of Institutional Funds Act ("UPMIFA") was enacted in Tennessee effective July 1, 2007. The FASB ASC provides guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of UPMIFA. It also requires disclosure of a description of the governing board's interpretation of the law that underlies the organization's net asset classification of donor-restricted endowment funds, a description of the organization's policies for the appropriation of endowment assets for expenditures (its endowment spending policies), a description of the organization's endowment investment policies, and additional disclosures.

Advertising – The Organization expenses advertising costs as incurred.

Note 1—Summary of significant accounting policies (continued)

Functional Allocation of Expenses – The costs of providing program services and supporting services have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited.

Use of Estimates – The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events – The Organization evaluated subsequent events through November 12, 2018, when these financial statements were available to be issued. The Organization is not aware of any significant events that occurred subsequent to the consolidated statement of financial position date but prior to the filing of this report that would have a material impact on the consolidated financial statements.

New Accounting Pronouncements – In August 2016, the FASB issued Accounting Standards Update ("ASU") 2016-14, *Not for Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities.* This standard changes presentation and disclosure requirements of not-for-profit entities. The primary changes are a decrease in the number of net asset classes from three to two, reporting of the underwater amounts of donor-restricted endowment funds in net assets with donor restrictions, requiring disclosure of qualitative information on how the not-for-profit entity manages its liquid available resources and liquidity risks, and requiring reporting of expenses by function and nature, as well as enhanced endowment disclosures. This standard is effective for all fiscal years beginning after December 31, 2017.

Note 2—DHS subsidies

The Organization receives monthly subsidies under the Department of Human Services ("DHS") Food Nutrition and Child Assistance Programs. For the years ended June 30, 2018 and 2017, the Organization received $196,712 and $166,667 in subsidies, respectively, which are included in the accompanying consolidated statements of activities in DHS food subsidies and day home fees. The Organization intends to reapply to DHS for continuation of the subsidies when the current contracts expire. At June 30, 2018 and 2017, there was a subsidy receivable of $20,221 and $10,643, respectively. A significant reduction in the level of this support, if this were to occur, could have an adverse effect on the Organization's programs and services.

Note 3—Investments

The following table sets forth the Organization's major categories of assets measured at fair value on a recurring basis, with fair value determined based on active markets (Level 1), as of June 30:

	2018	2017
Equity funds	$ 967,686	$ 916,876
Cash equivalents	14,493	6,348
Corporate debt securities	-	12,244
	$ 982,179	$ 935,468

Note 3—Investments (continued)

The following schedule summarizes the investment return for the years ended June 30:

	2018	2017
Interest and dividends	$ 23,492	$ 17,639
Realized and unrealized gains, net	23,912	56,476
	$ 47,404	$ 74,115

Note 4—Property and equipment

Property and equipment are recorded at cost or, if donated, at the estimated fair market value as of the date of donation. Depreciation is provided using the straight-line basis over the estimated useful lives of the respective assets, which range from forty years for buildings to three years for equipment. Expenditures for repairs and maintenance are charged to expense as incurred.

During the year ended June 30, 2018, the Organization obtained access to cost reimbursement funding through the Metropolitan Development and Housing Agency and entered into a contract with a contractor to make certain energy efficiency facility improvements estimated to cost approximately $145,000. Such improvements were completed by December 31, 2017.

The Organization has an agreement with Premier Parking to lease out their parking lot after school hours. According to the terms of the agreement, Premier will pay the Organization $2,300 each month or 75% of the net operating income, whichever is greater. This lease expires October 31, 2019. Facility rental revenue earned under this and other short-term agreements is included in revenues in the statements of activities.

Note 5—Financing arrangements

The Organization entered into an unsecured line of credit agreement with a bank which allows for borrowings up to a maximum of $300,000. The arrangement extends through December 2019 and bears interest at a variable rate with interest payments due monthly. No amounts were outstanding under the line of credit agreement at June 30, 2018 and 2017.

In June 2017, the Organization obtained a note payable to finance the cost of a custom bus. This arrangement bears interest at 4.99% and required interest only payments through October 2017, followed by monthly interest and principal payments of $968 through October 2023. Borrowings outstanding under this arrangement were $53,939 and $12,000 at June 30, 2018 and 2017, respectively. The note is secured by the custom bus.

Note 5—Financing arrangements (continued)

Following is a summary of future principal maturities under the note payable agreement:

Years Ending June 30,		
2019	$	9,120
2020		9,585
2021		10,075
2022		10,589
2023		11,130
Thereafter		3,440
	$	53,939

Note 6—Endowment fund

The Fannie Battle Day Home Endowment Fund, Inc. ("Endowment") was established effective May 16, 2001. The Endowment was established as a separate 501(c)(3) entity to assist management of the Organization in the exercise of its fiduciary duty related to board designated endowment investments. The financial statements of the Endowment are consolidated with those of the Organization in the accompanying consolidated financial statements, as the Organization controls the Endowment through the appointment of its board of directors. Net assets associated with endowment funds are classified and reported based upon the existence or absence of donor-imposed restrictions.

The board of directors has interpreted UPMIFA as requiring that the Organization classify as permanently restricted net assets a) the original value of donor-restricted gifts to the permanent endowment, b) the original value of subsequent donor-restricted gifts to the permanent endowment, and c) accumulations (interest, dividends, capital gain/loss) to any permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are approved for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

Endowment net asset composition by type of fund as of June 30, 2018:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Board designated endowment funds	$ 871,545	$ -	$ -	$ 871,545

Note 6—Endowment fund (continued)

Changes in endowment net assets for the year ended June 30, 2018:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 851,267	$ -	$ -	$ 851,267
Appropriations of assets for expenditure	(23,094)	-	-	(23,094)
Investment return:				
Interest and dividends	21,520	-	-	21,520
Gains and losses	26,577	-	-	26,577
Management fees	(4,725)	-	-	(4,725)
Endowment net assets, end of year	$ 871,545	$ -	$ -	$ 871,545

Endowment net asset composition by type of fund as of June 30, 2017:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Board designated endowment funds	$ 851,267	$ -	$ -	$ 851,267

Changes in endowment net assets for the year ended June 30, 2017:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 797,067	$ -	$ -	$ 797,067
Appropriations of assets for expenditure	(16,538)	-	-	(16,538)
Investment return:				
Interest and dividends	22,424	-	-	22,424
Gains and losses	53,100	-	-	53,100
Management fees	(4,786)	-	-	(4,786)
Endowment net assets, end of year	$ 851,267	$ -	$ -	$ 851,267

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the board of directors, the endowment assets are to be invested primarily in equities, fixed income investments, and cash securities. However, neither equities by themselves, nor fixed income investments by themselves should exceed 80% of the investment balance.

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Note 6—Endowment fund (continued)

The Organization has a policy of appropriating, no more often than quarterly, dividend and interest income from the endowment fund.

Note 7—Restrictions on net assets

Temporarily restricted net assets are available for the following purpose at June 30:

	2018	2017
Operating resources in next fiscal year	$ 25,904	$ 4,310

Board designated net assets are available for the following purpose at June 30:

	2018	2017
Board designated endowment fund	$ 871,545	$ 851,267

Note 8—Concentrations

Cash and investments include funds deposited in federally insured bank accounts. Balances on deposit may at times exceed federally insured limits.

Note 9—Contributed services

During 2018, the Organization received donated marketing and repair services valued at $50,000. Such amounts are included in revenues and expense for the year ended June 30, 2018.

Additionally, the Organization receives a significant amount of donated services from unpaid volunteers who assist in fundraising and special projects. No amounts have been recognized in the consolidated statements of activities because the criteria for recognition under U.S. GAAP has not been satisfied.

Note 10—Commitments and contingencies

The Organization is periodically subject to legal actions which arise in the course of business. Management is unable to predict the ultimate outcome of such litigation but does not believe an ultimate liability with respect to such litigation will be material to the consolidated operating results or consolidated financial position of the Organization. As a result, no accrual for any liability is included in the consolidated financial statements.

Note 11—Related party transactions

The Organization enters into various transactions with companies and organizations owned by or affiliated with its board of directors members. Such transactions are generally consummated at terms typically found in arm's length transactions.

SUPPLEMENTAL SCHEDULES

FANNIE BATTLE DAY HOME FOR CHILDREN, INC. AND AFFILIATE
CONSOLIDATING STATEMENT OF FINANCIAL POSITION

JUNE 30, 2018

	Organization	Endowment	Consolidated
ASSETS			
Current Assets:			
Cash and cash equivalents	$ 126,553	$ -	$ 126,553
Investments	110,634	-	110,634
Grants, accounts, and contributions receivable	62,239	-	62,239
Prepaid expenses	3,767	-	3,767
Deposits	-	-	-
Total Current Assets	303,193	-	303,193
Property and Equipment:			
Land	178,000	-	178,000
Buildings	1,599,295	-	1,599,295
Equipment	178,881	-	178,881
Playground	120,110	-	120,110
Automobile	59,630	-	59,630
	2,135,916	-	2,135,916
Less accumulated depreciation	(410,507)	-	(410,507)
Property and Equipment, net	1,725,409	-	1,725,409
Investments designated for endowment	-	871,545	871,545
Total Assets	$ 2,028,602	$ 871,545	$ 2,900,147
LIABILITIES AND NET ASSETS			
Current Liabilities:			
Accounts payable	$ 5,620	$ -	$ 5,620
Accrued expenses	35,548	-	35,548
Note payable	9,120	-	9,120
Total Current Liabilities	50,288	-	50,288
Noncurrent Liabilities:			
Note payable, net of current portion	44,819	-	44,819
Total Liabilities	95,107	-	95,107
Net Assets:			
Board designated	-	871,545	871,545
Other unrestricted	1,907,591	-	1,907,591
Total unrestricted	1,907,591	871,545	2,779,136
Temporarily restricted	25,904	-	25,904
Total Net Assets	1,933,495	871,545	2,805,040
Total Liabilities and Net Assets	$ 2,028,602	$ 871,545	$ 2,900,147

FANNIE BATTLE DAY HOME FOR CHILDREN, INC. AND AFFILIATE
CONSOLIDATING STATEMENT OF FINANCIAL POSITION

JUNE 30, 2017

	Organization	Endowment	Consolidated
ASSETS			
Current Assets:			
Cash and cash equivalents	$ 114,016	$ -	$ 114,016
Investments	84,201	-	84,201
Grants, accounts, and contributions receivable	68,222	-	68,222
Prepaid expenses	6,225	-	6,225
Deposits	12,000	-	12,000
Total Current Assets	284,664	-	284,664
Property and Equipment:			
Land	178,000	-	178,000
Buildings	1,443,575	-	1,443,575
Equipment	178,881	-	178,881
Playground	120,110	-	120,110
	1,920,566	-	1,920,566
Less accumulated depreciation	(346,526)	-	(346,526)
Property and Equipment, net	1,574,040	-	1,574,040
Investments designated for endowment	-	851,267	851,267
Total Assets	$ 1,858,704	$ 851,267	$ 2,709,971
LIABILITIES AND NET ASSETS			
Current Liabilities:			
Accounts payable	$ 11,511	$ -	$ 11,511
Accrued expenses	33,302	-	33,302
Note payable	5,857	-	5,857
Total Current Liabilities	50,670	-	50,670
Noncurrent Liabilities:			
Note payable, net of current portion	6,143	-	6,143
Total Liabilities	56,813	-	56,813
Net Assets:			
Board designated	-	851,267	851,267
Other unrestricted	1,797,581	-	1,797,581
Total unrestricted	1,797,581	851,267	2,648,848
Temporarily restricted	4,310	-	4,310
Total Net Assets	1,801,891	851,267	2,653,158
Total Liabilities and Net Assets	$ 1,858,704	$ 851,267	$ 2,709,971

FANNIE BATTLE DAY HOME FOR CHILDREN, INC. AND AFFILIATE
CONSOLIDATING STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2018

	Organization	Endowment	Consolidating Entries	Consolidated
Public Support and Revenues:				
Public Support:				
Contributions	$ 507,251	$ -	$ -	$ 507,251
Membership fund-raising activities	217,663	-	-	217,663
In-kind contributions	50,000	-	-	50,000
Total Public Support	774,914	-	-	774,914
Revenues:				
Day home fees	573,185	-	-	573,185
Investment return, net	27,126	43,372	(23,094)	47,404
DHS food subsidies	64,436	-	-	64,436
Grants	30,600	-	-	30,600
Facility revenue	25,542	-	-	25,542
Total Revenues	720,889	43,372	(23,094)	741,167
Total Public Support and Revenues	1,495,803	43,372	(23,094)	1,516,081
Expenses:				
Contributions to day home	-	23,094	(23,094)	-
Program services	1,120,336	-	-	1,120,336
Supporting services	243,863	-	-	243,863
Total Expenses	1,364,199	23,094	(23,094)	1,364,199
Change in net assets	$ 131,604	$ 20,278	$ -	$ 151,882

FANNIE BATTLE DAY HOME FOR CHILDREN, INC. AND AFFILIATE

CONSOLIDATING STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2017

	Organization	Endowment	Consolidating Entries	Consolidated
Public Support and Revenues:				
Public Support:				
Contributions	$ 344,256	$ -	$ (16,539)	$ 327,717
Membership fund-raising activities	199,784	-	-	199,784
Capital campaign contributions	6,714	-	-	6,714
Total Public Support	550,754	-	(16,539)	534,215
Revenues:				
Day home fees	478,279	-	-	478,279
Grants	138,345	-	-	138,345
DHS food subsidies	61,575	-	-	61,575
Facility revenue	21,843	-	-	21,843
Investment return, net	3,376	70,739	-	74,115
Total Revenues	703,418	70,739	-	774,157
Total Public Support and Revenues	1,254,172	70,739	(16,539)	1,308,372
Expenses:				
Contributions to day home	-	16,539	(16,539)	-
Program services	978,732	-	-	978,732
Supporting services	192,113	-	-	192,113
Total Expenses	1,170,845	16,539	(16,539)	1,170,845
Change in net assets	$ 83,327	$ 54,200	$ -	$ 137,527