

Community Child Care Services, Inc.  
(A Nonprofit Organization)

FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION

June 30, 2021 and 2020

COMMUNITY CHILD CARE SERVICES, INC.  
(A Nonprofit Organization)  
June 30, 2021

TABLE OF CONTENTS

	<u>PAGE</u>
AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7
SUPPLEMENTARY INFORMATION	
Schedule of Expenditures of Federal Awards	12
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS	13
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <u>GOVERNMENT AUDITING STANDARDS</u>	14
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	16
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	18

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors Community Child Care Services, Inc.

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

I have audited the accompanying financial statements of Community Child Care Services, Inc., which comprise the statement of financial position as of June 30, 2021 and 2020, and the related statements of activities and cash flows for the year 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**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

## Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Child Care Services, Inc. as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Other Information*

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information shown on pages 12 to 18 is presented for purposes of additional and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 audit 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 my opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated December 21, 2021, on my consideration of Community Child Care Services, Inc.'s internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Community Child Care Services, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Community Child Care Services, Inc.'s internal control over financial reporting and compliance.

  
Certified Public Accountant

December 21, 2021



COMMUNITY CHILD CARE SERVICES, INC.  
(A Nonprofit Organization)  
STATEMENT OF FINANCIAL POSITION  
June 30, 2021 and 2020

ASSETS

	<u>2021</u>	<u>2020</u>
<b>CURRENT ASSETS</b>		
Cash in Bank	\$ 714,415	\$ 400,819
Accounts Receivable fees	1,503	2,000
Government grants receivable	51,976	50,196
Accounts Receivable – Other	11,933	10,708
Allowance for Doubtful Accounts	(4,083)	(3,626)
Prepaid Insurance and expenses	<u>7,012</u>	<u>6,627</u>
Total Current Assets	<u>782,756</u>	<u>466,724</u>
 <b>PROPERTY AND EQUIPMENT, NET</b>	 <u>697,749</u>	 <u>729,498</u>
 <b>OTHER ASSETS</b>		
	 -	 -
Total Assets	<u>\$ 1,480,505</u>	<u>\$ 1,196,222</u>

LIABILITIES AND NET ASSETS (DEFICIT)

<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 11,470	\$ 40,542
Accrued payroll and payroll taxes	-	-
Payroll withholdings payable	856	836
Deferred revenue	39	7,587
Current portion of long-term debt	-	-
Total Current liabilities	<u>12,365</u>	<u>48,965</u>
 <b>LONG-TERM LIABILITIES</b>		
Note payable to Simmons Bank	 -	 -
Total Liabilities	<u>12,365</u>	<u>48,965</u>
 <b>NET ASSETS (DEFICIT)</b>		
Without Donor Restrictions	<u>1,468,140</u>	<u>1,147,257</u>
Total Liabilities and Net Assets	<u>\$ 1,480,505</u>	<u>\$ 1,196,222</u>

The accompanying notes are an integral part of these statements.

COMMUNITY CHILD CARE SERVICES, INC.  
(A Nonprofit Organization)  
STATEMENT OF ACTIVITIES  
For the Years ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
Public support and revenues		
Fees - net of discounts and refunds of \$3,706 and \$20,430 for 2021 and 2020, respectively	\$ 60,984	\$ 293,609
Government grants	1,208,868	654,004
Contributions	9,151	55,375
United Way	29,982	30,407
The Memorial Foundation grant	-	40,000
Community Foundation -Emergency Loss Income Grant	7,000	44,751
City of Hendersonville Grant	16,000	16,000
Recovery of bad debt	488	495
Contributed equipment and supplies	1,480	480
Interest Income	<u>267</u>	<u>402</u>
 TOTAL PUBLIC SUPPORT AND REVENUES WITHOUT DONOR RESTRICTIONS	 <u>1,334,220</u>	 <u>1,135,523</u>
 EXPENSES		
Program services	858,014	696,265
Management and general	125,061	112,441
Fundraising	<u>30,262</u>	<u>28,950</u>
TOTAL EXPENSES	<u>1,013,337</u>	<u>837,656</u>
 CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	 320,883	 297,867
 NET ASSETS AT BEGINNING OF YEAR	 <u>1,147,257</u>	 <u>849,390</u>
 NET ASSETS AT END OF YEAR	 <u>\$ 1,468,140</u>	 <u>\$ 1,147,257</u>

The accompanying notes are an integral part of these statements.

COMMUNITY CHILD CARE SERVICES, INC.  
(A Nonprofit Organization)  
STATEMENT OF FUNCTIONAL EXPENSES  
For the Years ended June 30, 2021 and 2020

	2021				2020			
	Supporting Services				Supporting Services			
	Program Services	Management & General	Fundraising	Total	Program Services	Management & General	Fundraising	Total
\$	\$ 533,166	\$ 98,735	\$ 26,329	\$ 658,230	\$ 406,521	\$ 85,575	\$ 22,820	\$ 514,915
Salaries and wages	27,044	5,921	1,579	34,544	30,917	6,522	1,739	39,178
Payroll taxes	6,001	940	289	7,230	5,911	555	171	6,637
Payroll processing fees	77,955	-	-	77,955	49,061	-	-	49,061
Food	1,341	-	-	1,341	-	-	-	-
Advertising	3,600	-	-	3,600	3,600	-	-	3,600
Bad Debt expense	19	-	-	19	29	-	-	29
Automobile Expense	1,171	-	-	1,171	5,198	20	-	5,218
Bank charges	375	-	-	375	275	275	-	275
Meeting fees	53,301	143	-	53,444	42,591	3,114	2,316	48,021
Depreciation and Amortization	-	-	-	-	650	-	-	650
Employee Benefits	5,954	2,622	-	8,576	5,441	2,332	-	7,773
Insurance	20,676	-	-	20,676	13,250	-	-	13,250
General supplies	38,255	-	-	38,255	42,996	-	-	42,996
Class supplies	1,259	-	-	1,259	1,281	-	-	1,281
Staff training	27,150	-	-	27,150	16,695	-	-	16,695
Housekeeping	87	5,000	-	5,087	306	4,600	-	4,906
Professional fees	-	1,502	-	1,502	-	458	-	458
Dues and subscriptions	-	-	-	-	3	-	-	3
Interest expense	4,292	3,268	-	7,560	2,688	3,659	-	6,347
Office supplies	2,162	-	-	2,162	1,413	-	-	1,413
Recruiting expense	3,737	-	-	3,737	2,300	-	-	2,300
Flowers and Gifts	885	-	-	885	685	-	-	685
Pest control	178	-	-	178	213	-	-	213
Postage	14,307	859	537	15,702	41,210	872	545	42,628
Repairs and maintenance	5,619	661	331	6,610	4,241	375	187	4,803
Sanitation	6,610	29	21	6,660	330	32	23	385
Security system and patrol	16,628	1,740	967	19,335	16,229	1,808	1,004	19,041
Utilities	-	1,431	-	1,431	-	1,030	-	1,030
Taxes and Licenses	2,225	1,764	210	4,199	2,506	1,215	145	3,865
Telephone & Internet	4,018	446	-	4,464	-	-	-	-
Website	\$ 858,014	\$ 125,061	\$ 30,262	\$ 1,013,337	\$ 696,265	\$ 112,441	\$ 28,950	\$ 837,656
Total Expenses								

The accompanying notes are integral to these financial statements.

COMMUNITY CHILD CARE SERVICES, INC.  
(A Nonprofit Organization)  
STATEMENT OF CASH FLOWS  
For the Years ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (Decrease) in net assets	\$ 320,883	\$ 297,867
Adjustments to reconcile decrease in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	53,444	48,021
(Increase) decrease in:		
Accounts receivable - fees and other	954	260
Government grants receivable	(3,005)	(23,329)
Prepaid insurance	(385)	(6,352)
Increase (decrease) in:		
Accounts payable	(29,072)	35,698
Accrued payroll and payroll taxes	-	(4,337)
Payroll withholding payable	20	(263)
Deferred revenue	(7,548)	4,263
Net cash provided by operating activities	<u>335,291</u>	<u>351,828</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Cash payments for the purchase of property	<u>(21,695)</u>	<u>(118,032)</u>
Net Cash Used by Investing Activities	<u>(21,695)</u>	<u>(118,032)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal payments on note payable to Simmons/Sun Trust Bank	<u>-</u>	<u>(2,571)</u>
Net cash used by financing activities	<u>-</u>	<u>(2,571)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	313,596	231,225
Cash at the beginning of the year	<u>400,819</u>	<u>169,594</u>
Cash at end of year	<u><u>\$ 714,415</u></u>	<u><u>\$ 400,819</u></u>
<b>Supplemental cash flow disclosures:</b>		
Cash paid for:		
Interest	<u><u>\$ 0</u></u>	<u><u>\$ 3</u></u>

The accompanying notes are an integral part of these statements.



COMMUNITY CHILD CARE SERVICES, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
Years ended June 30, 2021 and 2020

NOTE 1: NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

Community Child Care Services, Inc. (the "Organization") is a nonprofit organization chartered in Tennessee and fully licensed by the Tennessee Department of Human Services. The Organization is administered by a separate Board of Directors. The Organization's mission is to operate a quality child care center for children from low income homes who need care and supervision for part of the day, to facilitate employment of the parents, and to do all things reasonable, incidental, and necessary to accomplish the foregoing, including solicitation of funds or property upon such terms and conditions as to meet, if possible, the expense thereof, but without making a profit there from, and with such care extended to children of all races and religions in a non-discriminatory manner. Contributions and grants are received primarily from donors or government agencies located in the Middle Tennessee region.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Financial Statement Presentation

The net assets of the Organization 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 restrictions that may or will be met, either by actions of the Organization and/or the passage of time.

The Organization had no net assets with donor restrictions at June 30, 2021 and 2020.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Organization's 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, cash includes all monies in banks. The Organization has no cash equivalents for the years ended June 30, 2021 and 2020.

COMMUNITY CHILD CARE SERVICES, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
Years ended June 30, 2021 and 2020

NOTE 1: NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Accounts Receivable – Fees

The Organization records an allowance for doubtful accounts in anticipation of future write-offs. The allowance for doubtful accounts is based on the Organization's historical collection experience and a review of outstanding accounts.

Property and Equipment

The Organization capitalizes property and equipment acquisitions in excess of \$1,300 with an estimated useful life in excess of one year. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Property and equipment are depreciated using the straight-line method over their estimated useful lives, which a range from 5 to 40 years.

Impairment of Long-Lived Assets

Management evaluates its long-lived assets for financial impairment whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable. An impairment loss is recognized when the estimated undiscounted future cash flows from the assets are less than the carrying value of the assets. Assets to be disposed of are reported at the lower of their carrying amount or fair value, less cost to sell. Management is of the opinion that the carrying amount of its long-lived assets does not exceed their estimated recoverable amount.

Public Support and Revenues

Grants and other contributions of cash and other assets are reported as Net Assets With Donor Restrictions if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, Net Assets With Donor Restrictions are reclassified as Net Assets Without Donor restrictions assets and reported in the statement of activities as net assets released from restrictions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as Net Assets Without Donor Restrictions.

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial 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 fair values in the period received.

Functional Expenses

Expenses are charged directly to program, management and general, and fundraising based on an allocation by management.

COMMUNITY CHILD CARE SERVICES, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
Years ended June 30, 2021 and 2020

NOTE 1: NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES  
(cont'd)

Advertising

The Organization expenses advertising costs as they are incurred.

Compensated Absences

The Organization allows for paid vacation and sick time. Full-time employees receive ten days of paid time off for 0-5 years of employment and 15 days for more than 5 years of service. Paid time off is provided for the purpose of allowing employees to take time off for illness, vacation, personal days, family illnesses or personal appointments. Up to 5 days of paid time off can be carried over from year to year. Management has elected not to accrue paid time off since the amounts do not materially affect the financial statements.

Income Taxes

The Organization is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes.

The Organization's Form 990, *Return of Organization Exempt from Income Tax*, for the years ended 2019, 2020 and 2021 are subject to examination by the IRS, generally for three years after they were filed.

NOTE 2: PROPERTY AND EQUIPMENT

The components of property and equipment as of June 30, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
- Building	\$760,774	\$760,774
Furniture and Fixtures	73,630	73,630
Equipment	146,334	124,639
Land Improvements	112,360	112,360
Land	<u>80,000</u>	<u>80,000</u>
	1,173,098	1,151,403
Accumulated Depreciation	<u>(475,349)</u>	<u>(421,905)</u>
	697,749	729,498

- A. The land and building are pledged as collateral for the note payable to Simmons Bank. The mortgage was paid off during the year end June 30, 2020
- B. Depreciation and amortization expense for the years ended June 30, 2021 and 2020 was \$53,444 and \$48,021, respectively.



COMMUNITY CHILD CARE SERVICES, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
Years ended June 30, 2021 and 2020

NOTE 3: DONATED SERVICES AND ASSETS

The value of donated services and assets included in the financial statements and the corresponding expenditure of asset capitalization for the years ended June 30, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
<b>Revenues</b>		
Contributed Services	\$ <u>1,480</u>	\$ <u>480</u>
Total Revenues	\$ <u><u>1,480</u></u>	\$ <u><u>480</u></u>
<b>Expenses</b>		
Services	\$ <u>1,480</u>	\$ <u>480</u>
	\$ <u><u>1,480</u></u>	\$ <u><u>480</u></u>

NOTE 4: CONCENTRATIONS

The Organization is economically dependent on grants from the State of Tennessee. The grants from the State of Tennessee Child Care Assistance Program and the State of Tennessee Child Care Food Program accounted for 90% and 58% of the total public support and revenues for the years ended June 30, 2021 and 2020, respectively.

The Organization receives child care fees from parents living in the Middle Tennessee region. The child care fees accounted for 5% and 47% of the total public support and revenues for the years ended June 30, 2021 and 2020, respectively.

The Organization has unsecured accounts receivable due from parents located primarily in the Middle Tennessee region. The gross amounts due on the accounts receivable at June 30, 2021 and 2020 are \$1,503 and \$2,000, respectively.



COMMUNITY CHILD CARE SERVICES, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
Years ended June 30, 2021 and 2020

NOTE 5: COVID-19

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closing of businesses and shelter in place orders for all but those deemed essential services. While the business disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings and shelter in place orders. As such the Organization has reduced its operations. However, the ultimate financial impact and duration cannot be estimated at this time.

NOTE 6: SUBSEQUENT EVENTS

The Organization has evaluated events and transactions subsequent to the year ended June 30, 2021. As of December 21, 2021, the date the financial statements were available to be issued, no other events, subsequent to the balance sheet date are considered necessary to be included in the financial statements for the year ended June 30, 2021.

COMMUNITY CHILD CARE SERVICES, INC.  
(A Nonprofit Organization)  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
June 30, 2021

<u>Federal Grantor/Pass-through Grantor/ Program</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
U.S. Department of Human Services Child Care and Development Block Grant - Child Care Certificate Program	93.575	874,109
U.S. Department of Agricultural Child and Adult Care Food Program	10.558	<u>93,396</u>
Total		<u><u>967,505</u></u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Community Child Care Services, Inc., and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Community Child Care Services, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Community Child Care Services, Inc.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Community Child Care Services, Inc. has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

COMMUNITY CHILD CARE SERVICES, INC.  
(A Nonprofit Organization)  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
JUNE 30, 2021

DEPARTMENT OF HUMAN SERVICES

FINDING NO. There were no audit findings in the prior year.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of Community Child Care Services, Inc.

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Community Child Care Services, Inc., which comprise statement of financial position as of June 30, 2021, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated December 21, 2021.

**Internal Control Over Financial Reporting**

In planning and performing my audit of the financial statements, I considered Community Child Care Services, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Community Child Care Services, Inc.'s internal control. Accordingly, I do not express an opinion on the effectiveness of Community Child Care Services, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

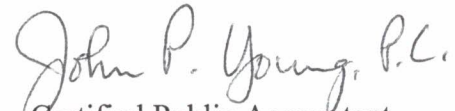


## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Community Child Care Services, Inc.'s financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
Certified Public Accountant

December 21, 2021

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors of Community Child Care Services, Inc.

**Report on Compliance for Each Major Federal Program**

I have audited Community Child Care Services, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Community Child Care Services, Inc.'s major federal programs for the year ended June 30, 2021. Community Child Care Services, Inc.'s major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

My responsibility is to express an opinion on compliance for each of Community Child Care Services, Inc.'s major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Community Child Care Services, Inc.'s compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for the major federal program. However, my audit does not provide a legal determination of Community Child Care Services, Inc.'s compliance.

**Opinion on Each Major Federal Program**

In my opinion, Community Child Care Services, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and

material effect on each of its major federal program for the year ended June 30, 2021.

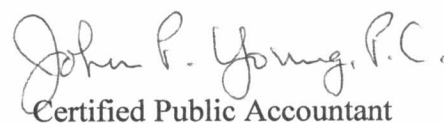
## **Report on Internal Control Over Compliance**

Management of Community Child Care Services, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered Community Child Care Services, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of Community Child Care Services, Inc.'s internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management of employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

  
Certified Public Accountant

December 21, 2021



COMMUNITY CHILD CARE SERVICES, INC.  
(A Nonprofit Organization)  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2021

SUMMARY OF AUDITOR'S RESULTS

The auditor's report expresses an unqualified opinion on the financial statements of Community Child Care Services, Inc.

No material weaknesses were identified during the audit of the financial statements.

No instances of noncompliance material to the financial statements of Community Child Care Services, Inc. were disclosed during the audit.

No material weaknesses were identified during the audit of major federal award programs.

The auditor's report on compliance for the major federal award programs for Community Child Care Services, Inc. expresses an unqualified opinion.

No audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) are reported in this Schedule

The programs tested as major programs included: Child Care and Development Block Grant CFDA 93.575.

The threshold for distinguishing Types A and B programs was \$750,000.

Community Child Care Services, Inc. did not qualify as a low-risk auditee.

Findings - Financial Statement Audit

None reported

Federal Award Findings and Questioned Costs

None reported