

COMMUNITY CHILD CARE SERVICES, INC.
FINANCIAL STATEMENTS
June 30, 2020 and 2019

COMMUNITY CHILD CARE SERVICES, INC.
Years ended June 30, 2020 and 2019

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INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying financial statements of Community Child Care Services, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020 and 2019, and the related statements of activities, 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

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. 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, 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, 2020 and 2019, 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.

John P. Young, P.C.

Certified Public Accountant
Hendersonville, Tennessee

February 17, 2021

COMMUNITY CHILD CARE SERVICES, INC.
(A Nonprofit Organization)
STATEMENT OF FINANCIAL POSITION
June 30, 2020 and 2019

ASSETS	2020	2019
CURRENT ASSETS		
Cash in Bank	\$ 400,819	\$ 169,594
Accounts Receivable fees	2,000	5,901
Government grants receivable	50,196	26,867
Accounts Receivable – Other	10,708	9,700
Allowance for Doubtful Accounts	(3,626)	(8,323)
Prepaid Insurance and expenses	6,627	274
Total Current Assets	<u>466,724</u>	<u>204,013</u>
PROPERTY AND EQUIPMENT, NET	<u>729,498</u>	<u>661,388</u>
OTHER ASSETS		
Deferred loan cost, net of accumulated amortization of \$0 and \$164 in 2020 and 2019, respectively	-	164
Total Assets	<u>\$ 1,196,222</u>	<u>\$ 865,565</u>
LIABILITIES AND NET ASSETS (DEFICIT)		
CURRENT LIABILITIES		
Accounts Payable	\$ 40,542	\$ 4,844
Accrued payroll and payroll taxes	-	4,337
Payroll withholdings payable	836	1,099
Deferred revenue	7,587	3,324
Current portion of long-term debt	-	2,571
Total Current liabilities	<u>48,965</u>	<u>16,175</u>
LONG-TERM LIABILITIES		
Note payable to Simmons Bank	-	-
Total Liabilities	<u>48,965</u>	<u>16,175</u>
NET ASSETS (DEFICIT)		
Without Donor Restrictions	1,147,257	849,390
Total Liabilities and Net Assets	<u>\$ 1,196,222</u>	<u>\$ 865,565</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, 2020 and 2019

	<u>2020</u>	<u>2019</u>
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
Public support and revenues		
Fees - net of discounts and refunds of \$20,430 and \$19,229 for 2020 and 2019, respectively	\$ 293,609	\$ 387,910
Government grants	654,004	371,258
Contributions	55,375	17,779
United Way	30,407	31,000
The Memorial Foundation grant	40,000	-
Community Foundation -Emergency Loss Income Grant	44,751	-
City of Hendersonville Grant	16,000	16,000
Recovery of bad debt	495	833
Contributed equipment and supplies	480	768
Interest Income	<u>402</u>	<u>274</u>
 TOTAL PUBLIC SUPPORT AND REVENUES WITHOUT DONOR RESTRICTIONS	 <u>1,135,523</u>	 <u>825,822</u>
EXPENSES		
Program services	696,265	676,402
Management and general	112,441	120,534
Fundraising	<u>28,950</u>	<u>28,977</u>
TOTAL EXPENSES	<u>837,656</u>	<u>825,913</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	297,867	(92)
NET ASSETS AT BEGINNING OF YEAR	<u>849,390</u>	<u>849,482</u>
NET ASSETS AT END OF YEAR	\$ <u><u>1,147,257</u></u>	\$ <u><u>849,390</u></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, 2020 and 2019

	2020				2019			
	Supporting Services		Supporting Services		Supporting Services		Supporting Services	
	Program Services	Management & General	Fundraising	Total	Program Services	Management & General	Fundraising	Total
Salaries and wages	\$ 406,521	\$ 85,575	\$ 22,820	\$ 514,915	\$ 462,103	\$ 85,575	\$ 22,820	\$ 570,497
Payroll taxes	30,917	6,522	1,739	39,178	35,220	6,522	1,739	43,481
Payroll processing fees	5,911	555	171	6,637	3,542	555	171	4,268
Food	49,061	-	-	49,061	51,502	-	-	51,502
Advertising	-	-	-	-	4	-	-	4
Bad Debt expense	3,600	-	-	3,600	4,067	-	-	4,067
Automobile Expense	29	-	-	29	593	-	-	593
Bank charges	5,198	20	-	5,218	7,317	20	-	7,337
Meeting fees	-	275	-	275	-	354	-	354
Depreciation and Amortization	42,591	3,114	2,316	48,021	41,684	3,114	2,316	47,114
Employee Benefits	650	-	-	650	200	-	-	200
Insurance	5,441	2,332	-	7,773	7,356	3,153	-	10,509
Meals & Entertainment	-	-	-	-	152	-	-	152
General supplies	13,250	-	-	13,250	10,005	-	-	10,005
Class supplies	42,996	-	-	42,996	3,526	-	-	3,526
Staff training	1,281	-	-	1,281	546	-	-	546
Housekeeping	16,695	-	-	16,695	11,287	-	-	11,287
Professional fees	306	4,600	-	4,906	188	8,850	-	9,038
Dues and subscriptions	-	458	-	458	-	294	-	294
Interest expense	3	-	-	3	410	109	27	547
Office supplies	2,688	3,659	-	6,347	1,068	6,337	-	7,405
Recruiting expense	1,413	-	-	1,413	1,197	-	-	1,197
Flowers and Gifts	2,300	-	-	2,300	1,399	-	-	1,399
Pest control	685	-	-	685	585	-	-	585
Postage	213	-	-	213	25	-	-	25
Repairs and maintenance	41,210	872	545	42,628	9,488	872	545	10,906
Sanitation	4,241	375	187	4,803	3,185	375	187	3,747
Security system	330	32	23	385	400	32	23	455
Utilities	16,229	1,808	1,004	19,041	17,276	1,808	1,004	20,088
Taxes and Licenses	-	1,030	-	1,030	-	1,350	-	1,350
Telephone & Internet	2,506	1,215	145	3,865	2,076	1,215	145	3,435
Total Expenses	\$ 696,265	\$ 112,441	\$ 28,950	\$ 837,656	\$ 676,401	\$ 120,534	\$ 28,977	\$ 825,913

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, 2020 and 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (Decrease) in net assets	\$ 297,867	\$ (92)
Adjustments to reconcile decrease in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	48,021	47,114
(Increase) decrease in:		
Accounts receivable - fees and other	260	(11,600)
Government grants receivable	(23,329)	(6,610)
Prepaid insurance	(6,352)	3,570
Increase (decrease) in:		
Accounts payable	35,698	(5,845)
Accrued payroll and payroll taxes	(4,337)	(570)
Payroll withholding payable	(263)	599
Deferred revenue	4,263	1,430
Net cash provided by operating activities	<u>351,828</u>	<u>27,996</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash payments for the purchase of property	(118,032)	-
Net Cash Used by Investing Activities	<u>(118,032)</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on note payable to Simmons/Sun Trust Bank	(2,571)	(17,453)
Net cash used by financing activities	<u>(2,571)</u>	<u>(17,453)</u>
NET INCREASE (DECREASE) IN CASH	231,225	10,543
Cash at the beginning of the year	<u>169,594</u>	<u>159,051</u>
Cash at end of year	<u>\$ 400,819</u>	<u>\$ 169,594</u>
Supplemental cash flow disclosures:		
Cash paid for:		
Interest	<u>\$ 3</u>	<u>\$ 547</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, 2020 and 2019

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, 2020 and 2019.

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, 2020 and 2019.

COMMUNITY CHILD CARE SERVICES, INC.
NOTES TO THE FINANCIAL STATEMENTS
Years ended June 30, 2020 and 2019

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, 2020 and 2019

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 2018, 2019 and 2020 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, 2020 and 2019 are as follows:

- The land and building are pledged as collateral for the note payable to Simmons Bank. The mortgage was paid off during the year ended June 30, 2020.
- Depreciation and amortization expense for the years ended June 30, 2020 and 2019 was \$48,021 and \$47,114, respectively.

COMMUNITY CHILD CARE SERVICES, INC.
NOTES TO THE FINANCIAL STATEMENTS
Years ended June 30, 2020 and 2019

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, 2020 and 2019 are as follows:

		<u>2020</u>	<u>2019</u>
	Revenues		
Contributed Services	\$	<u>480</u>	\$ <u>768</u>
Total Revenues	\$	<u><u>480</u></u>	\$ <u><u>768</u></u>
	Expenses		
Services		<u>480</u>	<u>768</u>
	\$	<u><u>480</u></u>	\$ <u><u>768</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 58% and 45% of the total public support and revenues for the years ended June 30, 2020 and 2019, respectively.

The Organization receives child care fees from parents living in the Middle Tennessee region. The child care fees accounted for 47% and 54% of the total public support and revenues for the years ended June 30, 2020 and 2019, 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, 2020 and 2019 are \$2,000 and \$5,901, respectively.

COMMUNITY CHILD CARE SERVICES, INC.
NOTES TO THE FINANCIAL STATEMENTS
Years ended June 30, 2020 and 2019

NOTE 5: NOTE PAYABLE

The note payable to Sun Trust Bank was refinanced by a note payable to Simmons Bank on April 14, 2016 with an original principal balance of \$55,003. The balance on the note payable on June 30, 2019 was \$2,571. The note payable agreement provides for monthly payments of \$1,305.68 which includes interest at 4.50%. The maturity date of the note payable is February 14, 2020. The first deed of trust on the real estate is pledged as collateral for the note payable. The Organization made payments in excess of the required payment and was paid off during the year.

NOTE 6: SUBSEQUENT EVENTS

The Organization has evaluated events and transactions subsequent to the year ended June 30, 2020. As of February 17, 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, 2020.

