

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

Financial Statements  
For the Years Ended June 30, 2023 and 2022

**The King's Daughters Day Home**  
**dba The King's Daughters Child Development Center**  
Financial Statements  
For the Years Ended June 30, 2023 and 2022

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## Independent Auditor's Report

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

### Opinion

We have audited the financial statements of The King's Daughters Day Home dba The King's Daughters Child Development Center (a not-for-profit organization, the Day Home), which comprise the statements of financial position as of June 30, 2023 and 2022, the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Day Home as of June 30, 2023 and 2022, 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.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Day Home and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Day Home's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

### Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding on internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Day Home's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Day Home's ability to continue as a going concern for a reasonable period of time.

We are required communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

#### **Supplementary Information**

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

*Blankenship CPA Group, PLLC*

Blankenship CPA Group, PLLC  
Goodlettsville, Tennessee  
November 29, 2023

**The King's Daughters Day Home**  
**dba The King's Daughters Child Development Center**  
 Statements of Financial Position  
 June 30, 2023 and 2022

	2023	2022
<b>Assets</b>		
Current assets		
Cash	\$ 425,382	\$ 837,535
Investments	2,065,623	1,284,893
Accounts receivable, fees	1,529	3,505
Accounts receivable, government assistance	12,977	12,977
Prepaid expenses	<u>21,081</u>	<u>22,762</u>
Total current assets	2,526,592	2,161,672
Property and equipment		
Land	207,476	207,476
Building and improvements	2,035,853	2,037,853
Equipment	118,201	101,303
Less: accumulated depreciation	<u>(702,962)</u>	<u>(643,616)</u>
Property and equipment, net	<u>1,658,568</u>	<u>1,703,016</u>
Total assets	<b>\$ 4,185,160</b>	<b>\$ 3,864,688</b>
<b>Liabilities and Net Assets</b>		
Current liabilities		
Accounts payable	\$ 30,866	\$ 25,897
Payroll deductions payable	9,881	9,882
Deferred revenues	<u>4,300</u>	<u>4,636</u>
Total current liabilities	45,047	40,415
Net assets		
Without donor restrictions	4,130,592	3,814,273
With donor restrictions	<u>9,521</u>	<u>10,000</u>
Total net assets	<u>4,140,113</u>	<u>3,824,273</u>
Total liabilities and net assets	<b>\$ 4,185,160</b>	<b>\$ 3,864,688</b>

**The King's Daughters Day Home**  
**dba The King's Daughters Child Development Center**  
Statement of Activities  
For the Year Ended June 30, 2023

	Without donor restrictions	With donor restrictions	Total
<b>Support and Revenues</b>			
Contributions of cash and other financial assets			
General contributions	\$ 387,878	\$ 1,492	\$ 389,370
United Way	108,000	-	108,000
Government fees and grants	218,235	25,000	243,235
Other grants	202,660	37,575	240,235
Fundraising events	7,674	-	7,674
Contributions of nonfinancial assets	4,000	-	4,000
Program service fees	507,237	-	507,237
Investment income, net	82,057	-	82,057
Non-investment interest income	3,097	-	3,097
Net assets released from restrictions	<u>64,546</u>	<u>(64,546)</u>	<u>-</u>
Total support and revenues	1,585,384	(479)	1,584,905
<b>Expenses</b>			
Program services	1,132,717	-	1,132,717
Management and general	130,719	-	130,719
Fundraising	<u>5,629</u>	<u>-</u>	<u>5,629</u>
Total expenses	1,269,065	-	1,269,065
Change in net assets	316,319	(479)	315,840
Net assets, beginning of year	<u>3,814,273</u>	<u>10,000</u>	<u>3,824,273</u>
Net assets, end of year	<b>\$ 4,130,592</b>	<b>\$ 9,521</b>	<b>\$ 4,140,113</b>

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

	<b>Without donor restrictions</b>	<b>With donor restrictions</b>	<b>Total</b>
<b>Support and Revenues</b>			
Contributions of cash and other financial assets			
General contributions	\$ 339,519	\$ 4,913	\$ 344,432
United Way	108,000	-	108,000
Government fees and grants	273,900	-	273,900
PPP loan forgiveness	142,658	-	142,658
Other grants	128,361	277,639	406,000
Fundraising events	11,602	-	11,602
Contributions of nonfinancial assets	4,500	-	4,500
Program service fees	522,017	-	522,017
Investment income, net	(174,940)	-	(174,940)
Non-investment interest income	536	-	536
Net assets released from restrictions	<u>282,062</u>	<u>(282,062)</u>	<u>-</u>
Total support and revenues	1,638,215	490	1,638,705
<b>Expenses</b>			
Program services	1,114,691	-	1,114,691
Management and general	113,203	-	113,203
Fundraising	<u>9,005</u>	<u>-</u>	<u>9,005</u>
Total expenses	1,236,899	-	1,236,899
Change in net assets	401,316	490	401,806
Net assets, beginning of year	<u>3,412,957</u>	<u>9,510</u>	<u>3,422,467</u>
Net assets, end of year	<b>\$ 3,814,273</b>	<b>\$ 10,000</b>	<b>\$ 3,824,273</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, 2023

	Program services			Supporting services			Total
	Infant and toddler	Pre-school	Total program services	Management and general	Fundraising	Total supporting services	
Salaries	\$ 335,855	\$ 381,989	\$ 717,844	\$ 62,400	\$ 390	\$ 62,790	\$ 780,634
Employee benefits	14,604	16,641	31,245	2,717	-	2,717	33,962
Payroll taxes	27,024	30,767	57,791	5,021	-	5,021	62,812
Communication	2,675	358	3,033	1,516	505	2,021	5,054
Conferences and meetings	1,265	3,394	4,659	-	-	-	4,659
Depreciation and amortization	30,474	30,474	60,948	6,772	-	6,772	67,720
Fees and licenses	-	692	692	-	-	-	692
Insurance	-	4,540	4,540	18,798	-	18,798	23,338
Maintenance and repairs	22,733	42,681	65,414	-	432	432	65,846
Occupancy	10,178	18,123	28,301	-	-	-	28,301
Professional fees	7,742	31,186	38,928	14,969	-	14,969	53,897
Special events	-	-	-	-	3,993	3,993	3,993
Supplies and general	68,281	40,682	108,963	17,886	309	18,195	127,158
Teacher appreciation	455	728	1,183	230	-	230	1,413
Travel	242	278	520	-	-	-	520
Miscellaneous	2,155	6,501	8,656	410	-	410	9,066
	<b>\$ 523,683</b>	<b>\$ 609,034</b>	<b>\$ 1,132,717</b>	<b>\$ 130,719</b>	<b>\$ 5,629</b>	<b>\$ 136,348</b>	<b>\$ 1,269,065</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, 2022

	Program services			Supporting services			
	Infant and toddler	Pre-school	Total program services	Management and general	Fundraising	Total supporting services	Total
Salaries	\$ 319,539	\$ 418,566	\$ 738,105	\$ 65,455	\$ 402	\$ 65,857	\$ 803,962
Employee benefits	10,651	13,966	24,617	2,182	-	2,182	26,799
Payroll taxes	22,472	29,465	51,937	4,572	31	4,603	56,540
Communication	1,211	1,211	2,422	309	-	309	2,731
Conferences and meetings	785	908	1,693	50	86	136	1,829
Depreciation and amortization	30,397	30,397	60,794	6,755	-	6,755	67,549
Dues and subscriptions	840	840	1,680	-	-	-	1,680
Fees and licenses	55	280	335	-	-	-	335
Insurance	1,082	732	1,814	17,358	-	17,358	19,172
Maintenance and repairs	29,453	31,397	60,850	393	-	393	61,243
Occupancy	9,636	15,070	24,706	-	-	-	24,706
Professional fees	4,452	13,355	17,807	10,275	-	10,275	28,082
Special events	-	-	-	-	4,507	4,507	4,507
Supplies and general	42,104	77,116	119,220	4,126	3,898	8,024	127,244
Teacher appreciation	150	787	937	544	54	598	1,535
Travel	126	127	253	-	-	-	253
Miscellaneous	1,722	5,799	7,521	1,184	27	1,211	8,732
	<b>\$ 474,675</b>	<b>\$ 640,016</b>	<b>\$ 1,114,691</b>	<b>\$ 113,203</b>	<b>\$ 9,005</b>	<b>\$ 122,208</b>	<b>\$ 1,236,899</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, 2023 and 2022**

	<b>2023</b>	<b>2022</b>
Cash, beginning of year	\$ 837,535	\$ 738,364
<b>Cash flows from operating activities</b>		
Change in net assets	315,840	401,806
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	67,720	67,549
Realized loss (gain) on investments, net of fees	7,132	(29,921)
Unrealized loss (gain) on investments, net of fees	(58,389)	230,407
Reinvested dividends and interest, net of fees	(16,427)	(5,558)
PPP loan forgiveness	-	(142,658)
Change in:		
Accounts receivable, fees	1,976	(3,035)
Accounts receivable, government assistance	-	(283)
Prepaid expenses	1,681	(1,071)
Accounts payable	4,969	(514)
Payroll deductions payable	(1)	(8,603)
Deferred revenues	(336)	4,636
Net cash provided (used) by operating activities	<u>324,165</u>	<u>512,755</u>
<b>Cash flows from investing activities</b>		
Purchase of investments	(314,651)	(254,384)
Proceeds from the sale of investments	301,605	232,844
Transfers from investments	(700,000)	(371,638)
Purchase of property and equipment	(24,550)	(20,406)
Disposal of equipment	1,278	-
Net cash provided (used) by investing activities	<u>(736,318)</u>	<u>(413,584)</u>
Net change in cash	<u>(412,153)</u>	<u>99,171</u>
Cash, end of year	<b>\$ 425,382</b>	<b>\$ 837,535</b>
<b>Supplemental disclosures of cash flow information</b>		
Noncash investing transactions:		
Reinvested dividends on investments	\$ 29,743	\$ 17,451

**The King's Daughters Day Home**  
**dba The King's Daughters Child Development Center**  
Notes to Financial Statements  
For the Years Ended June 30, 2023 and 2022

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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 childcare 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, 2023 and 2022, 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, 2023 and 2022, 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, 2023 and 2022.

**The King's Daughters Day Home**  
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Notes to Financial Statements  
For the Years Ended June 30, 2023 and 2022

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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 restricted for specific purposes are reflected as unrestricted contributions if the restriction is fulfilled in the same fiscal year as it is received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their estimated fair values in the period received.

**Program Service Fees**

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

**Income Taxes**

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

US GAAP requires the Day Home's management to evaluate tax positions taken by the Day Home and recognize a tax liability (or an asset) if the Day Home has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Day Home's management has analyzed the tax positions taken by the Day Home and has concluded that as of June 30, 2023 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, 2023 and 2022

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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**

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

**PPP Loan**

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

**The King's Daughters Day Home**  
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Notes to Financial Statements  
For the Years Ended June 30, 2023 and 2022

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

**Leases (New Accounting Standard Adopted in 2022)**

In February 2016, the FASB issued ASC Topic 842, *Leases*, to increase transparency and comparability among organizations related to their leasing arrangements. The update requires lessees to recognize most leases on their statements of financial position as a right-of-use (ROU) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Topic 842 also requires additional disclosure of key quantitative and qualitative information for leasing arrangements. Similar to the previous lease guidance, the update retains a distinction between finance leases (similar to capital leases in Topic 840, *Leases*) and operating leases, with classification affecting the pattern of expense recognition in the income statement. The Day Home adopted Topic 842 on July 1, 2022, using the optional transition method to the modified retrospective approach, which eliminates the requirement to restate the prior period financial statements. Under this transition provision, the Day Home has applied Topic 842 to reporting periods beginning on July 1, 2022. Leases are not material to the Day Home's financial statements and, therefore, separate line-item presentation and additional disclosures are not presented.

**Note 2. Availability and Liquidity**

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

	<b>2023</b>	<b>2022</b>
Financial assets		
Cash	\$ 425,382	\$ 837,535
Investments	2,065,623	1,284,893
Accounts receivable, fees	1,529	3,505
Accounts receivable, government assistance	<u>12,977</u>	<u>12,977</u>
Total financial assets at year-end	2,505,511	2,138,910
Less amounts not available to be used within one year		
Net assets with donor restrictions	9,521	10,000
Less net assets with time or purpose restrictions to be met in less than a year	<u>(9,521)</u>	<u>(10,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<b>\$ 2,505,511</b>	<b>\$ 2,138,910</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 \$315,000. As part of its liquidity plan, excess cash is invested in securities and money market accounts.

**The King's Daughters Day Home**  
**dba The King's Daughters Child Development Center**  
Notes to Financial Statements  
For the Years Ended June 30, 2023 and 2022

**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, 2023 using quoted market prices, are listed below:

	<b>Fair Market Value</b>	<b>Cost</b>	<b>Cumulative Unrealized Gain (Loss)</b>
Interest-bearing cash	\$ 294,499	\$ 294,499	\$ -
Certificates of deposit	299,494	300,000	(506)
Mutual funds and common stock	<u>1,471,630</u>	<u>1,498,298</u>	<u>(26,668)</u>
Total investments	<b>\$ 2,065,623</b>	<b>\$ 2,092,797</b>	<b>\$ (27,174)</b>

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

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

Investment income consists of the following:

	<b>2023</b>	<b>2022</b>
Interest and dividend income	\$ 44,116	\$ 37,439
Realized gain (loss) on investments	(7,132)	29,921
Unrealized gain (loss) on investments	58,389	(230,407)
Investment fees	<u>(13,316)</u>	<u>(11,893)</u>
Investment income, net	<b>\$ 82,057</b>	<b>\$ (174,940)</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, 2023 are as follows:

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Common stock	\$ 1,993	\$ -	\$ -	\$ 1,993
Certificates of deposits	299,494	-	-	299,494
Mutual funds	<u>1,469,637</u>	<u>-</u>	<u>-</u>	<u>1,469,637</u>
Total investments	1,771,124	-	-	1,771,124

**The King's Daughters Day Home**  
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Notes to Financial Statements  
For the Years Ended June 30, 2023 and 2022

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**Note 4. Fair Value Measurements**

Fair values at June 30, 2022 are as follows:

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

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

Net assets with donor restrictions include the following:

	<b>2023</b>	<b>2022</b>
Literacy	\$ 9,521	\$ 10,000

**Note 6. Line of Credit**

The Day Home has a \$100,000 line of credit with a financial institution. The line is secured by real property. The terms of the line of credit allow the Day Home to borrow funds until October 6, 2026. At that time, any balance plus accrued interest of 4.5% will be due. There were no outstanding borrowings on the line of credit at June 30, 2023 and 2022.

**Note 7. PPP Loans**

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

**Note 8. Concentrations**

The Day Home is exposed to risk of concentration regarding grants received from the United Way. During the years ended June 30, 2023 and 2022, the United Way grant represented 7% and 7% 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, 2023 and 2022, funding from the department represented 13% and 30% of total revenues, respectively.

The Day Home is exposed to risk of concentration regarding funding received from a single donor. During the year ended June 30, 2022 funding from the donor represented 20% of total revenues. No donor concentration was identified in the year ended June 30, 2023.

The Day Home has cash balances in a bank in excess of amounts federally insured. The uninsured balances totaled approximately \$180,000 and \$590,000 at June 30, 2023 and 2022, respectively. The Day Home maintains its cash with a high quality financial institution which the Day Home believes limits these risks.



**The King's Daughters Day Home**  
**dba The King's Daughters Child Development Center**  
Notes to Financial Statements  
For the Years Ended June 30, 2023 and 2022

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**Note 9. Contributions of Nonfinancial Assets**

The following represents contributions of nonfinancial assets:

	<b>2023</b>		<b>2022</b>
Professional services	\$ 4,000	\$	4,500

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

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

**Note 10. 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, 2023 and 2022, \$11,972 and \$3,302 in contributions were made to the SIMPLE plan.

**Note 11. Related Parties**

Two of the Day Home's investment accounts are managed by a board member at a financial institution. These investments totaled \$206,428 and \$195,592 at June 30, 2023 and 2022.

**Note 12. Subsequent Events**

Management has evaluated subsequent events through November 29, 2023, 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, 2023

	<b>Actual</b>	<b>Budget</b>	<b>Variance favorable (unfavorable)</b>
<b>Support and Revenues</b>			
Contributions	\$ 389,370	\$ 20,000	\$ 369,370
United Way	108,000	108,000	-
Government fees and grants	243,235	346,000	(102,765)
Other grants	240,235	96,614	143,621
Fundraising events	7,674	30,000	(22,326)
In-kind donations	4,000	-	4,000
Program service fees	507,237	684,500	(177,263)
Interest and dividend income	47,213	-	47,213
Realized gain (loss) on investments	(7,132)	-	(7,132)
Unrealized gain (loss) on investments	58,389	-	58,389
Investment fees	(13,316)	-	(13,316)
Total support and revenues	1,584,905	1,285,114	299,791
<b>Expenses</b>			
Salaries	780,634	853,000	72,366
Employee benefits	33,962	46,000	12,038
Payroll taxes	62,812	63,000	188
Communication	5,054	4,250	(804)
Conferences and meetings	4,659	5,000	341
Depreciation and amortization	67,720	-	(67,720)
Dues and subscriptions	-	2,000	2,000
Fees and licenses	692	600	(92)
Insurance	23,338	23,500	162
Maintenance and repairs	65,846	73,200	7,354
Occupancy	28,301	25,800	(2,501)
Professional fees	53,897	38,500	(15,397)
Special events	3,993	12,100	8,107
Supplies and general	127,158	124,864	(2,294)
Teacher appreciation	1,413	1,000	(413)
Travel	520	800	280
Miscellaneous	9,066	11,500	2,434
Total expenses	1,269,065	1,285,114	16,049
Excess (deficiency) of revenues over expenses	\$ 315,840	\$ -	\$ 315,840

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

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