TIGHE, KRESS & ORR
Certified Public Accountants

November 2, 2021

Board of Directors
Collaboration for Early Childhood Care & Education
Oak Park, Illinois

Dear Laura:

Enclosed please find ten bound copies of the audited financial statements for the year ended June 30, 2021 and 2020. We have also emailed you a copy. If you have any questions or comments, please feel free to contact us.

Very truly yours,

Tighe Kress & Orr, PC

Tighe, Kress & Orr, PC.
Certified Public Accountants

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CHICAGO ELGIN ST. CHARLES

Collaboration for Early Childhood Care & Education

Audited Financial Statements

For the Years Ended June 30, 2021 and 2020

(With Independent Auditor's Report Thereon)

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TIGHE, KRESS & ORR
Certified Public Accountants

Independent Auditor's Report

To the Board of Directors of
Collaboration for Early Childhood Care & Education
123 Madison Street
Room 209
Oak Park, Illinois 60302

We have audited the accompanying financial statements of Collaboration for Early Childhood Care & Education (the "Organization") (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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CHICAGO ELGIN ST. CHARLES

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Tighe Kress & Orr, PC

Elgin, Illinois

October 18, 2021

Collaboration for Early Childhood Care & Education
Statements of Financial Position
June 30, 2021 and 2020

Assets

	2021	2020
Current Assets:		
Cash and cash equivalents	$ 777,851	$ 807,663
Grants and accounts receivable	18,721	18,035
Prepaid insurance	1,801	7,401
Total Current Assets	798,373	833,099
Property and equipment, net	2,706	4,636
Total Assets	$ 801,079	$ 837,735

Liabilities and Net Assets

	2021	2020
Current Liabilities:		
Accounts payable	$ 134,739	$ 136,142
Accrued payroll liabilities	52,940	35,429
Total Current Liabilities	187,679	171,571
Net Assets:		
Without donor restrictions	517,877	560,037
Board designated	64,000	64,000
Total net assets without donor restrictions	581,877	624,037
With donor restrictions	31,523	42,127
Total Net Assets	613,400	666,164
Total Liabilities and Net Assets	$ 801,079	$ 837,735

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

Collaboration for Early Childhood Care & Education
Statements of Activities and Changes in Net Assets
For the Years Ended June 30, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support:						
Contributions - individuals, businesses and foundations	$ 121,210	$ 38,120	$ 159,330	$ 109,941	$ 22,750	$ 132,691
Government contracts and grants	1,334,340	-	1,334,340	1,104,850	13,286	1,118,136
Program service revenue	12,761	-	12,761	23,328	-	23,328
Interest income	63	-	63	328	-	328
Net assets released from restrictions	48,724	(48,724)	-	59,243	(59,243)	-
Total Revenues and Support	1,517,098	(10,604)	1,506,494	1,297,690	(23,207)	1,274,483
Expenses:						
Program	1,071,525	-	1,071,525	948,931	-	948,931
Management and general	442,773	-	442,773	316,469	-	316,469
Fundraising	44,960	-	44,960	3,067	-	3,067
Total Expenses	1,559,258	-	1,559,258	1,268,467	-	1,268,467
Change in Net Assets	(42,160)	(10,604)	(52,764)	29,223	(23,207)	6,016
Net Assets, Beginning of Year	624,037	42,127	666,164	594,814	65,334	660,148
Net Assets, End of Year	$ 581,877	$ 31,523	$ 613,400	$ 624,037	$ 42,127	$ 666,164

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

Collaboration for Early Childhood Care & Education

Statements of Functional Expenses

For the Years Ended June 30, 2021 and 2020

Expenses:	Family Engagement	Health and Development	Early Learning	Total Program	Management and General	Fundraising	2021 Total Expenses	2020 Total Expenses
Salaries	$ 78,324	$ 83,989	$ 96,869	$ 259,182	$ 314,959	$ -	$ 574,141	$ 437,074
Payroll taxes	5,894	6,249	7,214	19,357	23,315	-	42,672	32,884
Employee benefits	7,092	10,064	15,192	32,348	18,369	-	50,717	26,946
Depreciation	547	547	547	1,641	193	96	1,930	8,644
Dues and subscriptions	1,055	393	8,011	9,459	2,822	-	12,281	5,604
Equipment expense	1,985	2,057	14,984	19,026	6,007	-	25,033	21,600
Insurance	4,156	2,236	3,763	10,155	4,486	-	14,641	11,903
Miscellaneous	1,553	1,831	1,214	4,598	7,002	-	11,600	12,164
Outside contractors	459,115	47,439	96,360	602,914	41,630	41,639	686,183	606,414
Postage and delivery	229	17	332	578	45	1,546	2,169	1,223
Printing and production	5,034	2,104	5,508	12,646	2,148	1,624	16,418	11,832
Program food	662	56	315	1,033	296	-	1,329	12,194
Rent	5,880	6,068	12,000	23,948	5,794	-	29,742	19,338
Repairs and maintenance	1,156	1,156	2,314	4,626	1,156	-	5,782	-
Site rental	40	-	-	40	-	-	40	1,960
Special event costs	-	-	7,747	7,747	100	-	7,847	-
Staff volunteer development	2,346	1,351	7,602	11,299	6,921	-	18,220	6,964
Supplies	10,674	1,386	27,881	39,941	2,556	55	42,552	40,440
Telecommunications	2,060	2,700	3,408	8,168	2,460	-	10,628	9,385
Utilities	7	7	14	28	2,390	-	2,418	-
Agency advertising	535	235	2,021	2,791	124	-	2,915	1,898
Total Expenses	$ 588,344	$ 169,885	$ 313,296	$ 1,071,525	$ 442,773	$ 44,960	$ 1,559,258	$ 1,268,467

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

Collaboration for Early Childhood Care & Education
Statement of Functional Expenses
For the Year Ended June 30, 2020

Expenses:	Family Engagement	Health and Development	Early Learning	Total Program	Management and General	Fundraising	Total Expenses
Salaries	$ 47,091	$ 43,809	$ 178,001	$ 268,901	$ 168,173	$ -	$ 437,074
Payroll taxes	3,563	3,307	13,497	20,367	12,517	-	32,884
Employee benefits	6,342	8,959	5,078	20,379	6,567	-	26,946
Depreciation	2,450	2,449	2,449	7,348	864	432	8,644
Dues and subscriptions	200	329	579	1,108	4,496	-	5,604
Equipment expense	3,019	2,878	5,780	11,677	9,923	-	21,600
Insurance	2,603	2,493	3,035	8,131	3,772	-	11,903
Miscellaneous	3,130	3,040	2,332	8,502	3,662	-	12,164
Outside contractors	427,006	39,298	51,028	517,332	88,902	180	606,414
Postage and delivery	-	140	88	228	332	663	1,223
Printing and production	2,953	3,152	3,098	9,203	999	1,630	11,832
Program food	4,348	355	6,517	11,220	974	-	12,194
Rent	3,807	3,975	7,826	15,608	3,730	-	19,338
Site rental	1,430	-	530	1,960	-	-	1,960
Staff volunteer development	656	838	1,623	3,117	3,847	-	6,964
Supplies	12,070	1,942	22,020	36,032	4,246	162	40,440
Telecommunications	1,922	2,348	3,338	7,608	1,777	-	9,385
Agency advertising	210	-	-	210	1,688	-	1,898
Total Expenses	$ 522,800	$ 119,312	$ 306,819	$ 948,931	$ 316,469	$ 3,067	$ 1,268,467

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

Collaboration for Early Childhood Care & Education
Statements of Cash Flows
For the Years Ended June 30, 2021 and 2020

	2021	2020
Cash Flows from Operating Activities:		
Change in net assets	$ (52,764)	$ 6,016
Adjustments to reconcile change in net assets to		
net cash provided (used) by operating activities:		
Depreciation	1,930	8,644
(Increase) decrease in operating assets:		
Receivables	(686)	11,220
Pledge receivable	-	9,378
Prepaid insurance	5,600	(5,905)
Increase (decrease) in operating liabilities:		
Accounts payable	(793)	45,573
Accrued payroll liabilities	16,901	6,555
Net cash provided by (used in) operating activities	(29,812)	81,481
Cash Flow from Investing Activities:		
Net cash provided by (used in) investing activities	-	-
Cash Flows from Financing Activities:		
Net cash provided by (used in) financing activities	-	-
Net Increase (Decrease) in Cash and Cash Equivalents	(29,812)	81,481
Cash and Cash Equivalents, Beginning of Year	807,663	726,182
Cash and Cash Equivalents, End of Year	$ 777,851	$ 807,663

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

Note 1 – Summary of Significant Accounting Policies

Nature of Activities:
Collaboration for Early Childhood Care & Education (the "Organization") is a unique public/private partnership whose mission is to promote strategies to make high quality, affordable early care and education available to all children from birth to age five, in Oak Park and River Forest. Participants include representatives of local governing bodies, institutions of higher learning, preschools, childcare centers, home providers, agencies serving the needs of families with young children, early childhood policy experts, and community advocates. The Organization is supported through contracts with Oak Park's governing agencies. Foundation, individual, and corporate gifts also provide significant financial support.

Method of Accounting:
The financial statements of the Organization have been prepared on the accrual basis of accounting and in accordance with United States Generally Accepted Accounting Principles applicable to nonprofit organizations. Revenues are recognized as they are earned and expenses as they are incurred.

Basis of Presentation:
Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Accounting Standards Update ("ASU") 2016-14 *Presentation of Financial Statements of Not-for-Profit Entities*. Under FASB ASU 2016-14, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Net assets without donor restrictions include undesignated and board-designated sources with no legal donor-imposed restrictions.

Net assets with donor restrictions represent net assets subject to donor-imposed or legal restrictions; which will either be met by the Organization's actions, the passage of time or are perpetual in nature. Net assets with donor restrictions assets are reclassified to net assets without donor restrictions when the restrictions are met or have expired. These reclassifications are reported in the Statement of Activities and Changes in Net Assets as net assets released from restrictions.

Use of Estimates:
The preparation of financial statements in conformity with auditing standards generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Risk Management:
Significant losses are covered by commercial insurance. There have been no significant reductions in insurance coverage. Settlement amounts, if any, have not exceeded insurance coverage for the current year or the prior three years.

Note 1 - Summary of Significant Accounting Policies (continued)

Revenue Recognition:
In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This guidance requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which entities expect to be entitled in exchange for those goods or services. The update also requires additional disclosure to enable readers of the financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Organization adopted this update, along with all subsequent amendments (collectively, "ASC 606") in 2019 under the modified retrospective method. Additionally, the Organization applied the practical expedient (i) to account for revenues with similar characteristics as a collective group rather than individually, (ii) to not adjust the transaction price for the effects of significant financing components (if any), and (iii) to not disclose the transaction price allocated to unsatisfied or partially unsatisfied performance obligations as of the end of the reporting period when the performance obligations relate to contracts with an expected duration of less than one year. The effect of the Organization's adoption of ASC 606 is outlined below.

In June 2018, the FASB issued ASU 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The standard clarified and improved current guidance by providing criteria for determining whether a nonprofit is receiving commensurate value in return for the resources transferred. The outcome of the analysis determines whether the contract or grant constitutes either a contribution or an exchange transaction (i.e., ASC 606). The guidance also provides a more robust framework for determining whether a contribution is conditional or unconditional, and for distinguishing a donor-imposed condition from a donor-imposed restriction. The Organization adopted this update on a prospective basis and the effects of the adoption are outlined below.

The effect of ASC 606 and ASU 2018-08 on the Organization's financial statements were examined in conjunction with one another. Certain of the Organization's revenue-producing arrangements do not meet the definition of a contract under ASC 606, as the arrangement does not have commercial substance and does not meet the definition of an exchange transaction under the clarified guidance in ASU 2018-08. Prior to the clarifications provided in ASU 2018-08, transactions with customers that benefited the general public were considered to be exchange transactions. Under the clarified guidance, such transactions constitute contributions. The Organization reassessed the nature of its revenue producing arrangements to ensure alignment with the definition of a contract under ASC 606 and an exchange transaction under ASU 2018-08. As a result, certain arrangements that had been classified as exchange transactions in previous years were now concluded to be contributions under ASU 2018-08.

Note 1 - Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents:
For the purposes of reporting cash flows, the Organization considers all short-term, highly-liquid money market accounts and short-term investments with a maturity of three months or less to be cash equivalents unless restricted by donor or the board of directors.

The Organization maintains its cash balances in local checking accounts or in trust balances. Accounts at an institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. At June 30, 2021 and 2020 the Organization had balances in excess of the FDIC insured limits. The Organization does not consider these balances to be exposed to any significant credit risk. The Organization has not experienced any losses on these assets. As of June 26, 2020, the Organization has insured cash sweep for additional protection of their cash accounts to ensure FDIC coverage.

Investments:
Investments are recorded at fair value and consist of cash and securities. Contributions of marketable securities are recorded at fair market value at the date of the gift. The realized gains and losses on investments sold are computed using the specific recorded cost of each security.

The Organization's investments are exposed to various risks such as interest rate, credit and overall market volatility. Due to these risk factors, it is reasonably possible that changes in the value of investment will occur in the near term and could materially affect the amounts reported in the statements of financial position

Grants, Accounts Receivable and Pledge Receivable:
Grants, accounts, and pledges receivable are stated at unpaid balances, less estimates made for doubtful accounts. Management determines the allowances for doubtful accounts by reviewing and identifying troubled accounts and by using historical experience applied to an aging of accounts. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. Management deemed no allowance necessary for the years ending June 30, 2021 and 2020.

Property and Equipment:
Property and equipment are stated at acquisition cost or, if donated, at the estimated fair value at the date of donation. The Organization's capitalization policy is to capitalize assets with a cost of $5,000 or more and a useful life of over one year. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets. Maintenance and repairs are charged to expense as incurred.

Contributed Services and Facilities:
A number of volunteers have donated their services to the programs of the Organization. No amounts have been recognized for these donated services in the statements of activity because the criteria for recognition under generally accepted accounting procedures in the United States of America have not been satisfied.

<u>Note 1 - Summary of Significant Accounting Policies (continued)</u>

<u>Functional Expenses</u>:
The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain indirect costs have been allocated among the programs and supporting services benefited based on square footage, salaries and full-time equivalent employees. The allocations are reviewed by management on a quarterly basis.

<u>Liquidity Policy</u>:
As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations become due. The Organization receives financial assets with donor restrictions for specific spending. These assets are not available for general operations and are tracked and accounted for separately.

The Organization has $798,373 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditure, consisting of cash and cash equivalents of $777,851, grants and accounts receivable of $18,721, and prepaid insurance of $1,801. It is the goal of the Organization to have at least three months of budgeted expenses in cash reserves held in a federally insured bank account.

<u>Income Taxes</u>:
The Organization is a tax-exempt organization as defined in Section 501(c)(3) of the Internal Revenue Code. Accounting principles generally accepted in the United States of America requires management to evaluate tax positions taken by the Organization and recognize a tax liability if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service or other applicable taxing authorities.

Management has analyzed the tax positions taken by the Organization, and has concluded that as of June 30, 2021 and 2020, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Organization is subject to routine audits by taxing authorities; however, there are currently no audits for any tax periods in progress.

Note 1 - Summary of Significant Accounting Policies (continued)

Pending Accounting Changes:
In February 2016, the FASB issued ASU No. 2016-02, Leases, which will supersede the current lease requirements in ASC 840. The ASU requires lessees to recognize a right-to-use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases will be classified as either finance or operating, with the classification affecting the pattern of expense recognition in the Statements of Activities and Changes in Net Assets. Currently, leases are classified as either capital or operating, with only capital leases recognized on the Statement of Financial Position. The reporting of lease expenses in the Statements of Activities and Changes in Net Assets and Cash Flows will be generally consistent with the current guidance. The new lease guidance will be effective for the Organization's fiscal year beginning after December 15, 2021 and will be applied using a modified retrospective transition method to the beginning of the earliest period presented.

Note 2 - Property and Equipment

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

	2021	2020	Depreciable Life - Years
Furniture and fixtures	$ 871	$ 871	7
Office equipment	16,624	16,624	5 - 7
Database	125,117	125,117	3
	142,612	142,612	
Less accumulated depreciation	(139,906)	(137,976)	
Property and equipment, net	$ 2,706	$ 4,636	

Depreciation expense for the years ended June 30, 2021 and 2020 was $1,930 and $8,644, respectively.

Note 3 - Government Contracts and Grants Concentration

Government contracts and grants consisted of the following sources for the years ended June 30, 2021 and 2020:

	2021	2020
Village of Oak Park	$ 355,218	$ 296,015
Oak Park School District 97	513,090	427,575
Oak Park School District 200	447,312	372,760
Park District of Oak Park	7,000	7,000
Oak Park Library	1,500	1,500
State of Illinois Department of Public Health	10,220	13,286
	1,334,340	1,118,136
Less estimated amount to be refunded	-	-
Government contracts and grants, net	$ 1,334,340	$ 1,118,136

Contracts with the Village of Oak Park and Oak Park School Districts, less amounts estimated to be repaid, amounted to approximately 87% and 86% of total revenues for the years ended June 30, 2021 and 2020, respectively. Any substantial loss of these contracts would affect the level of services provided by the organization.

Note 4 - Lease Commitments

The Organization leases its facility for $250 per month, under an auto-renewing lease. The Organization also leases a Lexmark copier for $189 per month, for the period of May 2018 to May 2021. The lease was renewed for 36 additional months with payments of $199 per month, expiring May 2024. There is a lease with CubeSmart, which is a month-to-month lease for $117 per month. The Organization also leases a second facility for $2,000 per month, for the period of December 1, 2019 to May 31, 2020, with annual increases thereafter, ending May 31, 2022. There is a lease with Comcast to provide internet for $138 monthly between December 20, 2019 and December 20, 2022. Lease expense was $29,742 and $19,338 for the years ended June 30, 2021 and 2020, respectively.

The future minimum lease payments are as follows:

2022	31,794
2023	6,218
2024	4,990
Total	$ 43,002

Note 5 - Board Designated Net Assets Without Donor Restrictions

The Organization's Board of Directors has chosen to place the following limitations on net assets without donor restrictions:

	2021	2020
Healthcare Funds	$ 25,000	$ 25,000
Legal Funds	29,000	29,000
Home Visiting Funds	10,000	10,000
Total Board Designated	$ 64,000	$ 64,000

Note 6 - Net Assets with Donor Restrictions

Net assets with donor restrictions consist of the following components as of June 30, 2021 and 2020:

	2021	2020
Purpose restricted	$ 31,523	$ 42,127
Time restricted	-	-
Total net assets with donor restrictions	$ 31,523	$ 42,127

Note 7 – Effects of COVID 19

The Organization did not experience major changes due to COVID 19. All staff worked remotely for the fiscal year. Programs continued online during the pandemic. The annual Symposium hosted by the Organization was held online and experienced a decrease in attendance compared to prior years.

Note 8 - Subsequent Event

Subsequent events have been evaluated through the date of this report, which is the date the financial statements were available to be issued. It was concluded that there are no subsequent events required to be disclosed. Management believes there is a plan in place and operations will continue with modifications as necessary to comply with current guidelines.