

COLLABORATION FOR EARLY
CHILDHOOD CARE AND EDUCATION

FINANCIAL STATEMENTS

JUNE 30, 2017 AND 2016



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

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of **Collaboration for Early Childhood Care and Education** (a nonprofit organization) which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities, 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.



Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Collaboration for Early Childhood Care and Education** as of June 30, 2017 and 2016, 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.

Sassetti LLC

Oak Park, Illinois
September 15, 2017

COLLABORATION FOR EARLY CHILDHOOD CARE AND EDUCATION

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2017 AND 2016

| | <u>2017</u> | <u>2016</u> |
|----------------------------------|----------------------------|----------------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 922,075 | \$ 1,049,121 |
| Grants and accounts receivable | 56,336 | 9,245 |
| Pledge receivable, net | 9,378 | 18,907 |
| Prepaid insurance | 3,305 | 5,053 |
| Property and equipment, net | <u>69,001</u> | <u>85,056</u> |
| Total Assets | <u><u>\$ 1,060,095</u></u> | <u><u>\$ 1,167,382</u></u> |
| LIABILITIES | | |
| Accounts payable | \$ 134,399 | \$ 79,397 |
| Accrued payroll liabilities | 17,019 | 16,485 |
| Refundable advances from funder | <u>118,000</u> | <u>428,000</u> |
| Total Liabilities | <u>269,418</u> | <u>523,882</u> |
| NET ASSETS | | |
| Unrestricted | 576,163 | 518,814 |
| Board designated | <u>134,764</u> | <u>95,100</u> |
| Total Unrestricted Net Assets | 710,927 | 613,914 |
| Temporarily restricted | <u>79,750</u> | <u>29,586</u> |
| Total Net Assets | <u>790,677</u> | <u>643,500</u> |
| Total Liabilities and Net Assets | <u><u>\$ 1,060,095</u></u> | <u><u>\$ 1,167,382</u></u> |

See accompanying notes and accountants' report.

COLLABORATION FOR EARLY CHILDHOOD CARE AND EDUCATION
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2017 AND 2016

| | 2017 | | | 2016 | | |
|--|--------------|---------------------------|------------|--------------|---------------------------|------------|
| | Unrestricted | Temporarily Restricted | Totals | Unrestricted | Temporarily Restricted | Totals |
| REVENUES AND SUPPORT | | | | | | |
| Contributions - individuals, businesses and foundations | \$ 152,664 | \$ 69,750 | \$ 222,414 | \$ 126,017 | \$ 507 | \$ 126,524 |
| Government contracts and grants | 761,972 | - | 761,972 | 849,540 | - | 849,540 |
| Program service revenue | 14,092 | - | 14,092 | 13,235 | - | 13,235 |
| Interest income | 2,177 | - | 2,177 | 848 | - | 848 |
| Special event revenue | 10,695 | - | 10,695 | 11,712 | - | 11,712 |
| In-kind | - | - | - | 595 | - | 595 |
| Net assets released from restrictions | 19,586 | (19,586) | - | 55,000 | (55,000) | - |
| Total Revenues and Support | 961,186 | 50,164 | 1,011,350 | 1,056,947 | (54,493) | 1,002,454 |
| EXPENSES | | | | | | |
| Program | 756,951 | - | 756,951 | 855,100 | - | 855,100 |
| Management and general | 90,902 | - | 90,902 | 78,697 | - | 78,697 |
| Fundraising | 16,320 | - | 16,320 | 18,049 | - | 18,049 |
| Total Expenses | 864,173 | - | 864,173 | 951,846 | - | 951,846 |
| CHANGE IN NET ASSETS | 97,013 | 50,164 | 147,177 | 105,101 | (54,493) | 50,608 |
| NET ASSETS | | | | | | |
| Beginning of the year | 613,914 | 29,586 | 643,500 | 508,813 | 84,079 | 592,892 |
| End of the year | \$ 710,927 | \$ 79,750 | \$ 790,677 | \$ 613,914 | \$ 29,586 | \$ 643,500 |

See accompanying notes and accountants' report.

COLLABORATION FOR EARLY CHILDHOOD CARE AND EDUCATION
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2017 AND 2016

| | 2017 | | | | 2016 | | | |
|-----------------------------|-------------------|---------------------------|------------------|-------------------|-------------------|---------------------------|------------------|-------------------|
| | Program | Management and General | Fundraising | Totals | Program | Management and General | Fundraising | Totals |
| Salaries | \$ 209,166 | \$ 34,920 | \$ 9,240 | \$ 253,326 | \$ 194,301 | \$ 39,731 | \$ 10,408 | \$ 244,440 |
| Payroll taxes | 15,529 | 2,244 | 707 | 18,480 | 14,962 | 2,990 | 748 | 18,700 |
| Employee benefits | 20,880 | 1,919 | - | 22,799 | 13,277 | 808 | - | 14,085 |
| Depreciation | 32,094 | 3,776 | 1,888 | 37,758 | 26,976 | 3,126 | 1,243 | 31,345 |
| Dues and subscriptions | 125 | 1,241 | - | 1,366 | - | 989 | - | 989 |
| Equipment expense | 2,187 | 3,662 | - | 5,849 | 2,721 | 144 | - | 2,865 |
| Insurance | 8,532 | 3,659 | - | 12,191 | 10,466 | 2,895 | - | 13,361 |
| Miscellaneous | 1,431 | 1,605 | - | 3,036 | 708 | 811 | - | 1,519 |
| Outside contractors | 412,443 | 29,879 | - | 442,322 | 537,047 | 18,880 | - | 555,927 |
| Postage and delivery | 995 | 377 | - | 1,372 | 1,371 | 339 | - | 1,710 |
| Printing and production | 12,116 | 1,147 | - | 13,263 | 12,801 | 1,151 | 595 | 14,547 |
| Program food | 8,930 | 1,572 | - | 10,502 | 7,686 | 2,113 | - | 9,799 |
| Rent | 3,600 | 774 | - | 4,374 | 3,287 | 822 | - | 4,109 |
| Site rental | 571 | 258 | - | 829 | 1,449 | 179 | - | 1,628 |
| Staff volunteer development | 2,988 | 658 | - | 3,646 | 1,881 | 552 | - | 2,433 |
| Special event | - | - | 4,485 | 4,485 | - | - | 4,808 | 4,808 |
| Supplies | 18,220 | 1,222 | - | 19,442 | 19,486 | 2,530 | - | 22,016 |
| Telecommunications | 7,013 | 976 | - | 7,989 | 5,501 | 420 | 247 | 6,168 |
| Agency advertising | 131 | 1,013 | - | 1,144 | 585 | 217 | - | 802 |
| In-kind services | - | - | - | - | 595 | - | - | 595 |
| | <u>\$ 756,951</u> | <u>\$ 90,902</u> | <u>\$ 16,320</u> | <u>\$ 864,173</u> | <u>\$ 855,100</u> | <u>\$ 78,697</u> | <u>\$ 18,049</u> | <u>\$ 951,846</u> |

See accompanying notes and accountants' report.

COLLABORATION FOR EARLY CHILDHOOD CARE AND EDUCATION
 STATEMENTS OF CASH FLOWS
 YEARS ENDED JUNE 30, 2017 AND 2016

| | 2017 | 2016 |
|---|------------|--------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in net assets | \$ 147,177 | \$ 50,608 |
| Adjustments to reconcile net cash provided by (used in) operating activities - | | |
| Depreciation | 37,758 | 31,345 |
| (Increase) decrease in receivables | (47,091) | 40,370 |
| Decrease in pledge receivables | 9,529 | 9,683 |
| Decrease in prepaid insurance | 1,748 | 1,073 |
| Decrease in advance to subcontractor | - | 25,000 |
| Increase (decrease) in accounts payable | 55,002 | (43,507) |
| Increase in accrued payroll liabilities | 534 | 2,061 |
| (Decrease) increase in refundable advances from funder | (310,000) | 181,744 |
| Net Cash (Used in) Provided by Operating Activities | (105,343) | 298,377 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of property and equipment | (21,703) | (20,180) |
| Net Cash Used in Investing Activities | (21,703) | (20,180) |
| NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS | (127,046) | 278,197 |
| CASH AND CASH EQUIVALENTS - | | |
| Beginning of year | 1,049,121 | 770,924 |
| End of year | \$ 922,075 | \$ 1,049,121 |
| SUPPLEMENTARY CASH FLOW INFORMATION | | |
| Cash paid for income taxes | \$ - | \$ - |
| Cash paid for interest expense | \$ - | \$ - |

See accompanying notes and accountants' report.

COLLABORATION FOR EARLY CHILDHOOD CARE AND EDUCATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017 AND 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization - **COLLABORATION FOR EARLY CHILDHOOD CARE AND EDUCATION** 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.

Basis of Presentation - As required by generally accepted accounting principles for not for profit entities, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. At June 30, 2017 and 2016, the Organization had no permanently restricted net assets.

Income Taxes - The Organization is exempt from federal income taxes under the provisions of Section 501 (c) (3) of the Internal Revenue Code. Management believes that it did not engage in any unrelated business activities; thus, no provision for income tax has been provided for in the financial statements. The Organization's Forms 990, *Return of Organization Exempt from Income Tax*, are subject to examination by the IRS, generally for three years after they were filed.

Use of Accounting Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Donated Services - The Organization pays for most services requiring specific expertise. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs and various committee assignments. Donated services were valued at \$595 for the year ended June 30, 2016. There were no donated services recorded for the year ended June 30, 2017.

Cash Flow Information - The Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

COLLABORATION FOR EARLY CHILDHOOD CARE AND EDUCATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017 AND 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events - The Organization has evaluated subsequent events through September 15, 2017, the date the financial statements were available.

Property and Equipment - Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight line method over the estimated useful lives of the assets ranging from five to ten years. The Organization capitalizes amounts of \$500 or greater.

Grants, Accounts Receivable and Pledge Receivable - The Organization considers grants receivable fully collectible, thus no allowance for doubtful accounts has been established. Promises are recorded as temporarily restricted support depending on the nature of any donor restrictions.

Expense Allocation - The costs of providing various programs and other activities have been summarized on a functional basis in the Statements of Activities and Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Reclassifications - Certain amounts in the June 30, 2016 financial statements have been reclassified to conform to the current presentation.

2. PROPERTY AND EQUIPMENT

Balances of major classes of depreciable assets as of June 30, 2017 and 2016, were as follows (at cost):

| | <u>2017</u> | <u>2016</u> |
|-------------------------------|------------------|------------------|
| Furniture and fixtures | \$ 871 | \$ 871 |
| Office equipment | 17,818 | 15,966 |
| Database | 125,117 | 105,266 |
| Less accumulated depreciation | <u>(74,805)</u> | <u>(37,047)</u> |
| Property and equipment, net | <u>\$ 69,001</u> | <u>\$ 85,056</u> |

3. COMMITMENTS

The Organization leases its facility for \$250 a month, under a month to month agreement. Lease expense was \$4,374 and \$4,109, respectively, for the years ended June 30, 2017 and 2016.

COLLABORATION FOR EARLY CHILDHOOD CARE AND EDUCATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017 AND 2016

4. BOARD DESIGNATED UNRESTRICTED NET ASSETS

Board designated unrestricted net assets totaled \$134,764 and \$95,100 as of June 30, 2017 and 2016, respectively. These funds are to be used for future medical costs and strategic projects.

5. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following components as of June 30:

| | <u>2017</u> | <u>2016</u> |
|------------------------------------|------------------|------------------|
| Purpose restricted | | |
| Database | \$ 18,750 | \$ 8,750 |
| Time restricted | <u>61,000</u> | <u>20,836</u> |
| Total temporarily restricted funds | <u>\$ 79,750</u> | <u>\$ 29,586</u> |

Net assets were released from restrictions totaling \$19,586 and \$55,000 during the years ended June 30, 2017 and 2016, respectively.

6. CONCENTRATION

The Organization maintains its cash and cash equivalents at a financial institution. The balances may, at times, exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

7. RECENT ACCOUNTING PRONOUNCEMENTS

The FASB recently issued ASU 2014-09, Revenue (Topic 606): Revenue from Contracts with Customers. The ASU provides updated guidance to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance. A significant number of nonprofit revenue streams that would be considered revenue from contracts with a customer may fall within the purview of the ASU. Some of these include the following: memberships, subscriptions, products or services, royalty agreements, sponsorships, conferences and seminars, tuition, advertising, licensing, and federal and state grants and contracts, among others. Contribution revenue is specifically excluded from the scope of this update. The ASU will need to be applied either retrospectively to each prior period presented, or retrospectively with the cumulative effect of initially applying this ASU recognized at the date of initial application. The new standard will be effective for the Organization's June 30, 2019 financial statements.

COLLABORATION FOR EARLY CHILDHOOD CARE AND EDUCATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017 AND 2016

7. RECENT ACCOUNTING PRONOUNCEMENTS (CONTINUED)

In August 2016, the FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements for Not-for-Profit Entities. Key elements of the ASU include a reduction in the number of asset categories from three to two, conforming requirements on releases of capital restrictions, several new requirements related to expense presentation and disclosure (including investment expenses), and new required disclosures communicating information useful in assessing liquidity. The new standard will be effective for the Organization's June 30, 2019 financial statements. Early adoption is permitted.

8. GOVERNMENT CONTRACTS AND GRANTS

Government contracts and grants consisted of the following sources for the years ended June 30, 2017 and 2016:

| | <u>2017</u> | <u>2016</u> |
|---|-------------------|-------------------|
| Village of Oak Park | \$ 231,035 | \$ 338,100 |
| Oak Park Township | 10,500 | 10,400 |
| Oak Park School District 97 | 333,717 | 488,367 |
| Oak Park School District 200 | 290,833 | 425,756 |
| Park District of Oak Park | 6,500 | 6,500 |
| Oak Park Library | 1,500 | 1,700 |
| River Forest Library | - | 250 |
| State of Illinois Department of Public Health | 5,887 | 4,557 |
| Oak Park Community Mental Health | - | 1,910 |
| Less estimated amount to be refunded | <u>(118,000)</u> | <u>(428,000)</u> |
| | <u>\$ 761,972</u> | <u>\$ 849,540</u> |

Contracts with the Village of Oak Park and Oak Park School Districts less amounts estimated to be repaid amounted to approximately 73% and 82% of total revenues for the years ended June 30, 2017 and 2016, respectively.