

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	<u>961,186</u>	<u>50,164</u>	<u>1,011,350</u>	<u>1,056,947</u>	<u>(54,493)</u>	<u>1,002,454</u>
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	<u>864,173</u>	<u>-</u>	<u>864,173</u>	<u>951,846</u>	<u>-</u>	<u>951,846</u>
CHANGE IN NET ASSETS	97,013	50,164	147,177	105,101	(54,493)	50,608
NET ASSETS						
Beginning of the year	<u>613,914</u>	<u>29,586</u>	<u>643,500</u>	<u>508,813</u>	<u>84,079</u>	<u>592,892</u>
End of the year	<u>\$ 710,927</u>	<u>\$ 79,750</u>	<u>\$ 790,677</u>	<u>\$ 613,914</u>	<u>\$ 29,586</u>	<u>\$ 643,500</u>

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	<u>\$ 922,075</u>	<u>\$ 1,049,121</u>
SUPPLEMENTARY CASH FLOW INFORMATION		
Cash paid for income taxes	<u>\$ -</u>	<u>\$ -</u>
Cash paid for interest expense	<u>\$ -</u>	<u>\$ -</u>

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):

	2017	2016
Furniture and fixtures	\$ 871	\$ 871
Office equipment	17,818	15,966
Database	125,117	105,266
Less accumulated depreciation	(74,805)	(37,047)
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:

	2017	2016
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.