

THE EARLY CHILDHOOD COUNCIL
AUDITED FINANCIAL STATEMENTS

June 30, 2018



LIITTJOHANN, KAUFFMAN, and PEDERSON
Certified Public Accountants

THE EARLY CHILDHOOD COUNCIL
FINANCIAL STATEMENTS
June 30, 2018

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Certified Public Accountants

David A. Kauffman, C.P.A., P.C.

Daniel M. Pederson, C.P.A.'s, P.C.

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
The Early Childhood Council

We have audited the accompanying financial statements of The Early Childhood Council. (a Colorado nonprofit corporation), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses, and cash flows for the year 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 The Early Childhood Council as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Fort Morgan, Colorado
October 31, 2018

THE EARLY CHILDHOOD COUNCIL
STATEMENT OF FINANCIAL POSITION
As of June 30, 2018

ASSETS

Current Assets		
Cash in bank and on hand	\$ 77,154	
Accounts receivable	40,627	
Prepaid expenses	719	
Total Current Assets	\$ 118,500	
Capital Assets		
Furniture and fixtures	17,255	
Accumulated depreciation	(15,442)	
Net Capital Assets	1,813	
Total Assets	\$ 120,313	

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable	\$ 7,312	
Accrued payroll and related taxes	3,110	
Total Current Liabilities	\$ 10,422	
Total Long Term Liabilities	-	
Total Liabilities	10,422	
Net Assets		
Unrestricted Net Assets	46,983	
Temporarily Restricted Net Assets	62,908	
Permanently Restricted Net Assets	-	
Total Net Assets	109,891	
Total Liabilities and Net Assets	\$ 120,313	

The accompanying notes and independent accountants' compilation report
should be read with this financial statement

THE EARLY CHILDHOOD COUNCIL
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenue and Support				
Grant revenues	\$ 14,000	\$ 220,205	\$ -	\$ 234,205
Direct public support	2,917		-	2,917
Fundraising income	779		-	779
Other income and support	1,023		-	1,023
Released temporarily restricted assets	222,136	(222,136)	-	-
Total Revenue and Support	<u>240,855</u>	<u>(1,931)</u>	<u>-</u>	<u>238,924</u>
Program Services	167,821	-	-	167,821
General and Administrative	41,860	-	-	41,860
Other Income and Expense				
Fundraising Costs	(1,042)			(1,042)
Total Other Income and Expense	<u>(1,042)</u>	<u>-</u>	<u>-</u>	<u>(1,042)</u>
Net Increase in Net Assets	30,132	(1,931)	-	28,201
Beginning Net Assets	<u>16,851</u>	<u>64,839</u>	<u>-</u>	<u>81,690</u>
Ending Net Assets	<u>\$ 46,983</u>	<u>\$ 62,908</u>	<u>\$ -</u>	<u>\$ 109,891</u>

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THE EARLY CHILDHOOD COUNCIL
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2018

Program Services	
Advertising	\$ 1,494
Conferences	1,500
Employee benefits	13,550
Program expenses	1,166
Internet service	1,855
Licensing	15,873
Mini grants	19,818
Provider appreciation	2,559
Salaries	78,181
Scholarships	22,619
Training	614
Travel and meals	8,592
Total Program Costs	<u>\$ 167,821</u>
General and Administrative	
Advertising and marketing	\$ 166
Audit and accounting	2,300
Board expense	1,086
Conferences and meetings	5,123
Depreciation	686
Employee benefits	2,814
Insurance	1,375
Occupancy	10,514
Printing and publications	608
Salaries and wages	16,233
Travel and meals	955
Total General and Administrative Expense	<u>\$ 41,860</u>

The accompanying notes and independent accountants' compilation report should be read with this financial statement.

THE EARLY CHILDHOOD COUNCIL
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2018

Cash Flows from Operating Activities:	
Net increase in net assets	\$ 28,201
Adjustments to reconcile net increase in net assets to net cash provided by operating activities:	
Depreciation	\$ 686
Changes in assets and liabilities:	
(Increase) Decrease in Accounts receivable	30,418
(Increase) Decrease in Prepaid expenses	(719)
Increase (Decrease) in Accounts payable	4,723
Increase (Decrease) in Accrued payroll and related taxes	<u>(539)</u>
Total adjustments	<u>34,569</u>
Net Cash (Used) Provided by Operating Activities	62,770
Cash Flows from Investing Activities:	
Purchase of office equipment	<u>-</u>
Net Cash (Used) Provided by Investing Activities	-
Cash Flows from Financing Activities:	
Net Cash (Used) Provided by Financing Activities	<u>-</u>
Net (Decrease) Increase in Cash	62,770
Cash at Beginning of Year	<u>14,384</u>
Cash at End of Year	<u><u>\$ 77,154</u></u>

The accompanying notes and independent accountants' compilation
report should be read with this financial statement.

THE EARLY CHILDHOOD COUNCIL
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

The Early Childhood Council of Logan, Phillips and Sedgwick Counties (the "Council") is organized as a Colorado not-for-profit corporation. The organization's purpose is to create a seamless and collaborative system of quality early childhood services where families are valued and children are healthy and thriving. The Organization is controlled by a board of at least 5 but no more than 13 directors who are voted into office by the general membership.

The Organization operates on public funding through grant writing efforts.

B. Basis of Accounting

The accounts of the Council are maintained and the accompanying financial statements have been prepared on the accrual basis of accounting. This is according to generally accepted accounting principles.

C. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

D. Financial Statement Presentation

The Council has presented the financial statements in accordance to the Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. This requires the Council to report information regarding its financial position and activities according to three classes of net assets:

Unrestricted Net Assets:

Unrestricted net assets are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets:

Temporarily restricted net assets are subject to donor-imposed stipulations that may or will be met, either by actions of the organization and/or passage of time. When a restriction expires temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted Net Assets:

Permanently restricted net assets are subject to donor-imposed stipulations that they be maintained permanently by the organization. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on any related investments for general or specific purposes.

E. Cash and Cash Equivalents

For the purposes of the statement of cash flows, the Council considers all highly liquid debt instruments purchased with a maturity of thirty days or less to be cash equivalents for the statement of cash flows.

THE EARLY CHILDHOOD COUNCIL
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Public Support and Revenue

The Council reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. The Council's contributions are considered to be available for unrestricted use unless specifically restricted by the donor. The Council's policy is to report restricted contributions as unrestricted support if the restrictions are met in the same reporting period.

The Council reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. If explicit donor stipulations are absent about how long those long-lived assets must be maintained, the Council reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

G. Government Grant Contracts

The Council receives funding from Federal, State and Local Government grant contracts. The funds received in full at the beginning of the grant period are recorded as temporarily restricted revenues. When the funds are spent for the intended purpose they are released from temporarily restricted assets and recorded as unrestricted funds available.

Grant contracts that reimburse costs as they are incurred are not recorded into revenue until the costs are incurred and the grant provider has been invoiced. The funds are then recorded as temporarily restricted revenues and then immediately transferred to unrestricted assets available. The Council maintains an accounts receivable account for the funds until they are received from the granting agency.

H. Concentrations

The Council's major source of revenue is from grant funding. This situation puts the organization at risk due to the dependence on its ability to continually locate funding. A loss of a funding source or a decrease in funding by one of these funding sources could have a major impact on the Council and its ability to continue the services it provides.

I. Capital Assets

The Council capitalizes all assets purchased with an original cost greater than \$500 and a life expectancy greater than 1 year. Repairs and maintenance of capital assets are expensed when incurred unless they substantially change the asset or extend its life expectancy beyond 5 years from the original life of the asset. Capital Assets are depreciated over 5 to 7 years depending on the asset class using the straight line method of depreciation.

THE EARLY CHILDHOOD COUNCIL
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

J. Income Taxes

The Council has been classified as an other-than private foundation and is tax-exempt under Section 501(c)(3) of the Internal Revenue Code. The Council is subject to a tax on income from any unrelated business.

The Council has adopted the recognition requirements for uncertain income tax positions as required by generally accepted accounting principles. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. The Council has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. The Council believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse affect on the Council's financial condition, results of operations or cash flows. Accordingly, no reserves, or related accruals for interest and penalties for uncertain income tax positions at June 30, 2018 have been recorded.

K. Contributed Services

The Council has many individuals who contribute time and effort in the operation of the organization. These in-kind contributions have not been recorded on these financial statements.

NOTE 2. ACCRUED PAYROLL AND RELATED TAXES

All personal leave earned must be used before fiscal year end or it is forfeited. Therefore, there is no accrued personal leave recorded at year end.

Employees are paid biweekly on Fridays. Amounts presented as accrued payroll and related taxes on the statement of financial position are made up of payroll taxes and benefits accrued for the current fiscal year which will not be paid until the following fiscal year.

NOTE 3. STATEMENT OF CASH FLOWS

There were no non-cash transactions during the year ended June 30, 2018 for the statement of cash flows.

NOTE 4. SUBSEQUENT EVENTS

The Council evaluated subsequent events through the date of the report, which is the date the financial statements were available to be issued. There were no subsequent events identified that would require adjustment to or disclosure within the financial statements.