

EARLY CARE & LEARNING COUNCIL

**Financial Statements and Required Reports
as of December 31, 2021 and 2020
Together with
Independent Auditor's Report**

Bonadio & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

June 28, 2022

To the Board of Directors of
Early Care and Learning Council:

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Early Care and Learning Council (a New York not-for-profit corporation), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Early Care and Learning Council as of December 31, 2021, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standard 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 Early Care and Learning Council and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior Period Financial Statements

The financial statements of Early Care and Learning Council as of and for the year ended December 31, 2020 were audited by other auditors whose report dated June 15, 2021 expressed an unmodified opinion on those statements.

Responsibilities of Management 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; 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 Early Care and Learning Council's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

INDEPENDENT AUDITOR'S REPORT

(Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

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 generally accepted auditing standards 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 judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment 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 of 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 Early Care and Learning Council'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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Early Care and Learning Council's ability to continue as a going concern for a reasonable period of time.

We are required to 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.

EARLY CARE AND LEARNING COUNCIL

STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
CURRENT ASSETS:		
Cash	\$ 953,005	\$ 777,326
Accounts and grants receivable	1,138,609	793,887
Prepaid expenses	<u>13,246</u>	<u>9,852</u>
Total current assets	2,104,860	1,581,065
PROPERTY AND EQUIPMENT, net	<u>22,128</u>	<u>7,980</u>
	<u>\$ 2,126,988</u>	<u>\$ 1,589,045</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	\$ 298,183	\$ 28,452
Accrued expenses	<u>61,745</u>	<u>50,016</u>
Total current liabilities	<u>359,928</u>	<u>78,468</u>
NET ASSETS:		
Without donor restrictions		
Undesignated	314,701	292,233
Designated by the Board of Directors	1,451,982	1,217,967
With donor restrictions	<u>377</u>	<u>377</u>
Total net assets	<u>1,767,060</u>	<u>1,510,577</u>
	<u>\$ 2,126,988</u>	<u>\$ 1,589,045</u>

The accompanying notes are an integral part of these statements.

EARLY CARE AND LEARNING COUNCIL

STATEMENTS OF ACTIVITIES FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS		
REVENUE AND SUPPORT:		
Grants	\$ 4,233,641	\$ 2,851,004
Membership dues	75,847	75,847
Meetings, retreats, and fees	-	1,500
Staff consulting	9,475	14,200
Fundraising	3,130	1,505
Other	<u>3,298</u>	<u>5,500</u>
Total revenue and support	<u>4,325,391</u>	<u>2,949,556</u>
EXPENSES:		
Child care resource and referral day care training	2,491,923	2,095,267
Birth to 5	912,521	20,468
OCFS Stabilization TA	118,689	-
Robin Hood Foundation grant	239,987	-
Hunger Solutions	9,997	51,408
Membership services and special events	58,729	57,061
Staff consultant services	3,025	7,616
Sublease and other costs	25,389	27,009
Management and general	<u>231,176</u>	<u>217,858</u>
Total expenses	<u>4,091,436</u>	<u>2,476,687</u>
CHANGE IN NET ASSETS FROM OPERATIONS	233,955	472,869
NON-OPERATING REVENUE:		
Interest income	272	467
Rental income	<u>22,256</u>	<u>22,269</u>
CHANGE IN NET ASSETS	<u>256,483</u>	<u>495,605</u>
NET ASSETS - beginning of year	<u>1,510,577</u>	<u>1,014,972</u>
NET ASSETS - end of year	<u>\$ 1,767,060</u>	<u>\$ 1,510,577</u>

The accompanying notes are an integral part of these statements.

EARLY CARE AND LEARNING COUNCIL

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021**

	CCR&R Day Care Training	Birth to 5	OCFS Stabilization TA	Robin Hood Foundation Grant	Hunger Solutions	Membership Services and Special Events	Staff Consultant Services	Sublease and Other Costs	Total Program Services Expenses	Management and General	Total Expenses
EXPENSES:											
Salaries	\$ 928,081	\$ 252,632	\$ 85,282	\$ 6,695	\$ 3,547	\$ 34,042	\$ 2,500	\$ -	\$ 1,312,779	\$ 184,605	\$ 1,497,384
Payroll taxes and benefits	131,900	39,439	11,978	1,100	694	6,717	306	-	192,134	24,387	216,521
Conferences and training	130,053	946	238	16	25	3,901	-	-	135,179	650	135,829
Dues and subscriptions	50,857	4,577	156	14	94	988	219	-	56,905	1,445	58,350
Depreciation	1,520	428	112	9	6	54	-	-	2,129	-	2,129
Equipment rental and maintenance	17,642	4,616	1,317	131	37	(1,773)	-	2,596	24,566	2,793	27,359
Insurance	4,600	1,342	260	21	13	203	-	-	6,439	898	7,337
Interest and bank fees	-	-	-	-	-	698	-	-	698	-	698
Office rent	58,053	16,057	4,521	365	241	2,509	-	22,256	104,002	11,474	115,476
Office supplies and postage	17,103	8,402	4,826	-	1	1,907	-	537	32,776	8	32,784
Other	831	219	66	7	5	2,824	-	-	3,952	362	4,314
Printing	714	1,949	1,625	-	3,178	-	-	-	7,466	-	7,466
Professional fees	1,062,197	577,886	7,163	231,600	2,100	5,871	-	-	1,886,817	2,294	1,889,111
Telephone	12,545	3,859	539	29	56	514	-	-	17,542	2,260	19,802
Training material and facilities	74,065	-	-	-	-	-	-	-	74,065	-	74,065
Travel	1,762	169	606	-	-	274	-	-	2,811	-	2,811
Total expenses	\$ 2,491,923	\$ 912,521	\$ 118,689	\$ 239,987	\$ 9,997	\$ 58,729	\$ 3,025	\$ 25,389	\$ 3,860,260	\$ 231,176	\$ 4,091,436

The accompanying notes are an integral part of these statements.

EARLY CARE AND LEARNING COUNCIL

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>CCR&R Day Care Training</u>	<u>Birth to 5</u>	<u>Hunger Solutions</u>	<u>Membership Services and Special Events</u>	<u>Staff Consultant Services</u>	<u>Sublease and Other Costs</u>	<u>Total Program Services Expenses</u>	<u>Management and General</u>	<u>Total Expenses</u>
EXPENSES:									
Salaries	\$ 992,025	\$ 14,872	\$ 27,556	\$ 39,397	\$ 4,524	\$ -	\$ 1,078,374	\$ 173,868	\$ 1,252,242
Payroll taxes and benefits	139,151	(61)	3,805	5,943	182	-	149,020	22,236	171,256
Conferences and training	38,119	88	221	1,381	-	-	39,809	527	40,336
Dues and subscriptions	25,515	32	(135)	1,591	219	-	27,222	118	27,340
Depreciation	7,082	26	47	70	-	-	7,225	-	7,225
Equipment rental and maintenance	25,945	155	457	(3,494)	-	4,137	27,200	3,090	30,290
Insurance	4,254	106	108	177	-	-	4,645	756	5,401
Interest and bank fees	-	-	-	485	-	-	485	-	485
Office rent	74,326	1,021	1,953	2,551	-	22,256	102,107	13,456	115,563
Office supplies and postage	7,976	1,769	668	313	-	616	11,342	5	11,347
Other	1,406	67	(288)	2,304	24	-	3,513	196	3,709
Printing	2,349	2,000	8,061	610	-	-	13,020	-	13,020
Professional fees	753,230	-	8,557	4,658	-	-	766,445	2,734	769,179
Telephone	15,471	393	398	544	-	-	16,806	872	17,678
Training material and facilities	5,747	-	-	-	2,667	-	8,414	-	8,414
Travel	<u>2,671</u>	<u>-</u>	<u>-</u>	<u>531</u>	<u>-</u>	<u>-</u>	<u>3,202</u>	<u>-</u>	<u>3,202</u>
Total expenses	<u>\$ 2,095,267</u>	<u>\$ 20,468</u>	<u>\$ 51,408</u>	<u>\$ 57,061</u>	<u>\$ 7,616</u>	<u>\$ 27,009</u>	<u>\$ 2,258,829</u>	<u>\$ 217,858</u>	<u>\$ 2,476,687</u>

The accompanying notes are an integral part of these statements.

EARLY CARE AND LEARNING COUNCIL

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 256,483	\$ 495,605
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Depreciation	2,129	7,225
Changes in:		
Accounts and grants receivable	(344,722)	(134,623)
Prepaid expenses	(3,394)	87
Accounts payable	269,731	(12,467)
Accrued expenses	11,729	10,297
Deferred revenue	<u>-</u>	<u>(3,000)</u>
Net cash flow from operating activities	<u>191,956</u>	<u>363,124</u>
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	<u>(16,278)</u>	<u>-</u>
Net cash flow from investing activities	<u>(16,278)</u>	<u>-</u>
CHANGE IN CASH	175,678	363,124
CASH - beginning of year	<u>777,326</u>	<u>414,202</u>
CASH - end of year	<u>\$ 953,004</u>	<u>\$ 777,326</u>

The accompanying notes are an integral part of these statements.

EARLY CARE AND LEARNING COUNCIL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

1. THE COUNCIL

The Early Care and Learning Council (Council) was incorporated in April 1975 as a New York not-for-profit corporation. The Council was formed to coordinate, assist, strengthen, and promote childcare services in the State of New York and to provide a mechanism whereby childcare councils and other interested organization, individuals, and agencies may join together to accomplish shared goals.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Council's financial statements have been prepared in conformity with accounting principles generally accepted in the United States.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash

Cash includes bank demand deposit accounts. The Council's cash balances may at times exceed federally insured limits. The Council has not experienced any losses in these accounts and believes it is not exposed to any significant risk with respect to cash.

Accounts and Grants Receivable

Accounts and grants receivable primarily include uncollateralized obligations from government grants and contracts under customary credit terms. Accounts receivable are generally billed monthly or quarterly and payment is generally due in 30 days.

Accounts for which no payments have been received for several months are considered delinquent and customary collection efforts are begun. After all collection efforts are exhausted, the account is written off. The Council records an allowance for bad debts in anticipation of future write-offs. Based upon historical performance and a review of outstanding receivables, management has determined that an allowance for bad debts is not necessary as of December 31, 2021 and 2020.

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation. Expenditures for acquisitions, renewals, and betterments are capitalized, whereas maintenance and repair costs are expensed as incurred. When property and equipment are retired or otherwise disposed of, the appropriate accounts are relieved of cost and accumulated depreciation, and any resultant gain or loss is credited or charged to income. Depreciation is computed over the estimated useful lives of the respective assets using the straight-line method with lives of five years.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Reporting

In the accompanying financial statements, net asset categories that have similar characteristics have been combined into two net asset categories; with donor restrictions and without donor restrictions.

Net assets without restrictions include resources which are available for the support of the Council's operating activities. This category may also include resources designated by the Board for specific purposes. The Board of Directors has designated approximately \$1,452,000 and \$1,218,000 of net assets without donor restrictions for on-time, nonrecurring expenses or special events in the future as of December 31, 2021 and 2020, respectively. Suitable uses may include, but are not limited to, building capacity (e.g. staff development or research and development), supporting advocacy efforts, and carrying out strategic initiatives of the Council.

Net assets with donor restrictions include resources that have been donated to the Council subject to purpose or time restrictions as defined by the donor. These donations are restricted for scholarships.

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions. When a donor restriction expires, 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.

Revenue from Contracts with Customers

The Council assesses the contract term as the period in which the parties to the contract have presently enforceable rights and obligations. The transaction price is the amount of consideration to which the Council expects to be entitled in exchange for transferring goods and services to the customer. Revenue from sales is recorded based on the transaction prices, which are generally established in the contract. The amounts are recorded as "Staff Consulting" and "Meetings, Retreats, and Fees" on the accompanying statement of activities.

Staff consulting revenue relates to training and coaching activities provided to State and local governments, nonprofit organizations, and private businesses. This revenue is recognized at the point in time when the service happens, which is when the Council achieves its performance obligation. The consulting agreements are fixed fee and generally invoiced based on the contractual agreement between the parties, typically on a monthly basis. Amounts received but not yet earned, if any, are reported as deferred revenue.

The Council holds conferences, meetings and special events for which they receive registration fees and sponsorships. Revenue from such events is recognized at the point in time when the event happens, which is when the Council achieves its performance obligation. Transaction prices for these fees are set by the Council for each event. Payment is expected upon registration.

The Council receives support from membership dues, which are nonrefundable and relate to a membership period that corresponds with the calendar year. Membership dues are billed and recognized within the membership period and may be paid in full or quarterly installments throughout the period.

The Council did not record any implicit price concessions for the years ended December 31, 2021 and 2020.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Grant Revenue

Revenues from government grants are recognized according to the specific agreement. Generally, revenue from grants are considered non-exchange transactions. Grant revenue is recognized when conditions that are specific to each grant agreement are overcome, which is largely to the extent of project expenses incurred.

Income Taxes

The Council is a New York not-for-profit corporation exempt from income taxes as an Council qualified under Section 501(c)(3) of the Internal Revenue Code. The Council has also been classified by the Internal Revenue Service as an entity that is not a private foundation.

Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated amongst the programs and supporting services benefited. Expenses that are allocated include conferences and training, dues and subscriptions, equipment and maintenance, insurance, office rent, office supplies and postage, other, professional fees, and telephone, which are allocated based on salaries. Salaries and payroll taxes are allocated on the basis of estimated time and effort.

3. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Council is substantially supported by government funders generated by its operations. In addition, some support is received from donors. The following reflects the Council's financial assets at December 31, 2021 and 2020 available within one year of the statement of financial position date:

	<u>2021</u>	<u>2020</u>
Financial assets at December 31:		
Cash	\$ 953,005	\$ 777,329
Accounts receivable, net	<u>1,138,609</u>	<u>793,887</u>
Total financial assets	2,091,614	1,571,216
Less: financial assets unavailable for general expenditures within one year, due to:		
Board designated net assets	(1,451,982)	(1,217,967)
Subject to satisfaction of donor restrictions	<u>(377)</u>	<u>(377)</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 639,255</u>	<u>\$ 352,872</u>

The Council has a policy to structure its financial assets to meet its obligations as they come due. The Council's ability to meet its cash needs is highly dependent on timely collection of its account receivable. The Council's accounts receivable are due primarily from government funders. Many of these arrangements require the Council to incur costs in advance and then bill for reimbursements after the cash outlay has been made. The Council has designed procedures to collect from these payors as quickly as possible. However, timeliness of these payments can sometimes be difficult to predict. Due to this factor, the Council has a line-of-credit available (see Note 5), which is can draw upon throughout the year to support the Council's short-term liquidity needs. In addition, the board designated net assets could be used in the event of any unanticipated liquidity need with board approval.

4. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	<u>2021</u>	<u>2020</u>
Office equipment, computers and furniture	\$ 27,720	\$ 10,640
Less: Accumulated depreciation	<u>(5,592)</u>	<u>(2,660)</u>
Property and equipment, net	<u>\$ 22,128</u>	<u>\$ 7,980</u>

Certain property and equipment were purchased with funds provided through federal grants. The title of these assets' rests with the Council, however, the grant specifies that they should be used to benefit program activities. There were no federally funded grant purchases of property and equipment for the years ended December 31, 2021 and 2020.

Depreciation expense was approximately \$2,100 and \$7,200 for the years ended December 31, 2021 and 2020, respectively.

5. LINE-OF-CREDIT

The Council has a \$300,000 unsecured line-of-credit with M&T Bank, which currently bears interest at prime plus 1% (4.25% at December 31, 2021). There was no balance outstanding on the line-of-credit as of December 31, 2021 and 2020.

6. RETIREMENT PLAN

The Council has adopted a Simplified Employee Pension Plan (SEP) which covers all employees that meet certain eligibility requirements. Contributions are discretionary and the rate of contribution is determined by the Board of Directors. The amount of pension cost was \$58,200 and \$43,800 for the years ended December 31, 2021 and 2020, respectively.

7. COMMITMENTS AND CONTINGENCIES

Operating Leases

The Council entered into a lease agreement for administrative office space, with a monthly rent of approximately \$9,600 expiring in 2022. In addition, the Council leases office equipment. The lease expires during April 2022 with lease payments of approximately \$400 per month. Total expense for office space and equipment was approximately \$121,200 and \$120,300 for 2021 and 2020, respectively.

Rental Revenue

The Council entered into three sublease agreements to rent a portion of its office space. The leases require rental payments totaling approximately \$1,900 per month and expire at the end of each calendar year. The rental income was approximately \$22,300 for the years ended December 31, 2021 and 2020.

7. COMMITMENTS AND CONTINGENCIES (Continued)

Revenue Concentrations

Grants from the U.S. Department of Health and Human Services (HHS) passed through the New York Office of Children and Family Services, accounting for approximately 92% and 95% of total revenues and other support for the years ended December 31, 2021 and 2020, respectively.

Approximately 96% and 92% of accounts and grants receivable was due from this funding source as of December 31, 2021 and 2020, respectively.

Regulatory Compliance

The Council is subject to audits and review of reimbursable costs by various governmental agencies. The outcome of the audits and reviews may have the effect of retroactively increasing or decreasing revenue from grants. These charges, if any, will be recognized in accordance with the rules and guidelines established by the various funding sources. Compliance with such laws and regulations can be subject to future governmental review and interpretations as well as regulatory actions unknown or unasserted at this time.

COVID-19

The United States is presently in the midst of a national health emergency related to a virus, commonly known as Novel Coronavirus (COVID-19). The overall consequences of COVID-19 on a national, regional, and local level are unknown, but it has the potential to result in a significant economic impact. However, the impact of this situation on the Council's future results and financial position is not presently determinable.

8. SUBSEQUENT EVENTS

Subsequent events have been evaluated through June 28, 2022, which is the date the financial statements were available to be issued.