

**CHILD DAY CARE ASSOCIATION OF ST. LOUIS
D/B/A UNITED 4 CHILDREN
(A NONPROFIT ORGANIZATION)**

**FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT**

**FOR THE YEARS ENDED
DECEMBER 31, 2022 AND 2021**

Child Day Care Association of St. Louis
d/b/a United 4 Children

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Child Day Care Association of St. Louis
d/b/a United 4 Children

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Child Day Care Association of St. Louis d/b/a United 4 Children (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years 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 United 4 Children as of December 31, 2022 and 2021, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of United 4 Children 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 opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 United 4 Children's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 and *Government 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 and *Government 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 United 4 Children'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 United 4 Children'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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2023, on our consideration of United 4 Children's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of United 4 Children's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering United 4 Children's internal control over financial reporting and compliance.

Schmersahl Treloar & Co.

Saint Louis, Missouri
June 22, 2023

FINANCIAL STATEMENTS

Child Day Care Association of St. Louis
d/b/a United 4 Children
STATEMENTS OF FINANCIAL POSITION

ASSETS

	December 31,	
	2022	2021
CURRENT ASSETS		
Cash and cash equivalents	\$ 488,429	\$ 534,757
Accounts receivable	592,733	668,677
United Way receivable	129,155	125,884
Prepaid expenses and deposits	22,143	27,360
Total Current Assets	1,232,460	1,356,678
FURNITURE AND EQUIPMENT, NET	8,436	14,864
OPERATING LEASE RIGHT-OF-USE ASSET	355,078	-
FINANCE LEASE RIGHT-OF-USE ASSET	77,405	-
Total Assets	\$ 1,673,379	\$ 1,371,542

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Due to child care providers	\$ 178,219	\$ 251,836
Accounts payable	99,115	68,054
Current portion of finance lease liabilities	14,803	-
Current portion of operating lease liabilities	65,197	-
Accrued liabilities	135,961	63,380
Deferred revenue	56,230	148,424
Total Current Liabilities	549,525	531,694
LONG-TERM LIABILITIES		
Long-term finance lease liabilities	63,296	-
Long-term operating lease liabilities	296,340	-
Total Long-Term Liabilities	359,636	-
Total Liabilities	909,161	531,694
NET ASSETS		
Without donor restrictions	621,563	700,464
With donor restrictions	142,655	139,384
Total Net Assets	764,218	839,848
Total Liabilities and Net Assets	\$ 1,673,379	\$ 1,371,542

See accompanying notes to financial statements

Child Day Care Association of St. Louis
d/b/a United 4 Children
STATEMENTS OF ACTIVITIES

	Year Ended December 31, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Agency fees:			
Amounts received or receivable	\$ 3,276,332	\$ -	\$ 3,276,332
Less: amounts remitted or payable to others	(2,855,982)	-	(2,855,982)
Net Agency Fees	420,350	-	420,350
Foundation and corporate grants	1,861,529	-	1,861,529
Government grants	517,462	-	517,462
Payroll Protection Program grant	-	-	-
Contributions	154,470		154,470
United Way Annual allocation	-	129,155	129,155
Fundraising events	14,227	-	14,227
Less: cost of direct benefit to donors	(280)	-	(280)
Program service fees	68,282	-	68,282
Miscellaneous income	4,355	-	4,355
Net assets released from restrictions:			
Satisfaction of time restrictions	125,884	(125,884)	-
Total Support and Revenue	3,166,279	3,271	3,169,550
EXPENSES			
Program Services	2,609,878	-	2,609,878
Supporting Services:			
Management and general	399,250	-	399,250
Fundraising	236,052	-	236,052
Total Expenses	3,245,180	-	3,245,180
CHANGE IN NET ASSETS	(78,901)	3,271	(75,630)
NET ASSETS, Beginning of year	700,464	139,384	839,848
NET ASSETS, End of year	\$ 621,563	\$ 142,655	\$ 764,218

See accompanying notes to financial statements

Year Ended December 31, 2021

Without Donor Restrictions	With Donor Restrictions	Total
\$ 3,955,919	\$ -	\$ 3,955,919
(3,470,748)	-	(3,470,748)
485,171	-	485,171
1,487,487	-	1,487,487
664,465	-	664,465
270,205	-	270,205
37,893	13,500	51,393
3,981	125,884	129,865
90,022	-	90,022
(18,571)	-	(18,571)
3,925	-	3,925
2,751	-	2,751
<u>122,714</u>	<u>(122,714)</u>	<u>-</u>
<u>3,150,043</u>	<u>16,670</u>	<u>3,166,713</u>
2,486,606	-	2,486,606
410,271	-	410,271
<u>147,499</u>	<u>-</u>	<u>147,499</u>
<u>3,044,376</u>	<u>-</u>	<u>3,044,376</u>
105,667	16,670	122,337
<u>594,797</u>	<u>122,714</u>	<u>717,511</u>
<u>\$ 700,464</u>	<u>\$ 139,384</u>	<u>\$ 839,848</u>

Child Day Care Association of St. Louis
d/b/a United 4 Children
STATEMENTS OF FUNCTIONAL EXPENSES
Year Ended December 31, 2022

	Program Services			Supporting Services			Cost of Direct Benefits to Donors	Total
	Child Nutrition Services	Inclusion Services	Quality Improvement Services	Total Program Services	Management and General	Fund-Raising		
EXPENSES								
Salaries	\$ 301,442	\$ 405,532	\$ 752,243	\$ 1,459,217	\$ 206,040	\$ 109,859	\$ -	1,775,116
Employee benefits	27,774	37,365	69,311	134,450	18,985	10,122	-	163,557
Payroll taxes	26,468	35,608	66,051	128,127	18,092	9,647	-	155,866
Assistance to individuals	-	11,226	391,658	402,884	-	-	-	402,884
Professional fees	24,752	39,445	66,212	130,409	101,015	76,730	-	308,154
Occupancy	20,800	27,982	51,903	100,685	14,216	7,581	-	122,482
Supplies	17,989	18,450	59,684	96,123	497	2,096	-	98,716
Travel	2,041	37,585	13,940	53,566	-	1,171	-	54,737
Office equipment and software	4,781	2,899	19,953	27,633	24,576	409	-	52,618
Miscellaneous	585	436	12,409	13,430	10,962	7,553	-	31,945
Conference and meetings	41	6,889	17,215	24,145	815	318	-	25,278
Insurance	3,527	4,342	7,899	15,768	1,355	1,323	-	18,446
Membership dues	4,135	-	1,861	5,996	1,952	8,238	-	16,186
Postage and shipping	11,250	231	304	11,785	-	494	-	12,279
Depreciation	1,091	1,469	2,725	5,285	745	398	-	6,428
Printing and publications	290	49	36	375	-	113	-	488
Special events - fundraising	-	-	-	-	-	-	280	280
	446,966	629,508	1,533,404	2,609,878	399,250	236,052	280	3,245,460
Less expenses included with support on the statement of activities	-	-	-	-	-	-	(280)	(280)
Total Expenses	\$ 446,966	\$ 629,508	\$ 1,533,404	\$ 2,609,878	\$ 399,250	\$ 236,052	\$ -	\$ 3,245,180

See accompanying notes to financial statements

Child Day Care Association of St. Louis
d/b/a United 4 Children
STATEMENTS OF FUNCTIONAL EXPENSES
Year Ended December 31, 2021

	Program Services				Supporting Services			Total
	Child Nutrition Services	Inclusion Services	Quality Improvement Services	Total Program Services	Management and General	Fund-Raising	Cost of Direct Benefits to Donors	
EXPENSES								
Salaries	\$ 272,155	\$ 366,132	\$ 679,158	\$ 1,317,445	\$ 186,022	\$ 99,186	\$ -	\$ 1,602,653
Employee benefits	26,073	35,077	65,066	126,216	17,822	9,502	-	153,540
Payroll taxes	23,750	31,951	59,268	114,969	16,234	8,656	-	139,859
	-							
Assistance to individuals	-	12,830	449,010	461,840	-	40	-	461,880
Professional fees	20,731	33,038	55,457	109,226	140,125	8,747	-	258,098
Occupancy	18,982	25,536	47,367	91,885	12,973	6,918	-	111,776
Supplies	19,112	19,601	63,408	102,121	528	2,227	-	104,876
Travel	1,585	29,181	10,823	41,589	-	909	-	42,498
Office equipment and software	5,113	3,100	21,336	29,549	26,279	437	-	56,265
Miscellaneous	352	262	7,462	8,076	6,592	4,542	-	19,210
Conferences and meetings	62	10,322	25,795	36,179	1,221	477	-	37,877
Insurance	3,831	4,716	8,579	17,126	1,472	1,436	-	20,034
Membership dues	500	-	225	725	236	996	-	1,957
Postage and shipping	15,815	325	428	16,568	-	693	-	17,261
Depreciation	1,122	1,511	2,803	5,436	767	409	-	6,612
Printing and publications	5,933	996	727	7,656	-	2,324	-	9,980
Special events - fundraising	-	-	-	-	-	-	18,571	18,571
	415,116	574,578	1,496,912	2,486,606	410,271	147,499	18,571	3,062,947
Less expenses included with support on the statement of activities	-	-	-	-	-	-	(18,571)	(18,571)
Total Expenses	\$ 415,116	\$ 574,578	\$ 1,496,912	\$ 2,486,606	\$ 410,271	\$ 147,499	\$ -	\$ 3,044,376

See accompanying notes to financial statements

Child Day Care Association of St. Louis
d/b/a United 4 Children
STATEMENTS OF CASH FLOWS

	Year Ended December 31,	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	(\$ 75,630)	\$ 122,337
Adjustments to reconcile change in net assets to net change in cash from operating activities:		
Payroll Protection Program grant	-	(270,205)
Depreciation and amortization	7,644	6,612
Decrease in carrying amount of Operating lease right-of-use asset	5,633	-
(Increase) decrease in assets:		
Accounts receivable	75,944	(186,181)
United Way receivable	(3,271)	(3,170)
Prepaid expenses and deposits	5,217	41,507
Increase (decrease) in liabilities:		
Due to child care providers	(73,617)	(25,985)
Accounts payable	31,061	(21,858)
Accrued liabilities	72,581	11,880
Deferred revenue	(92,194)	63,951
Operating lease liability	826	-
Net Change in Cash and Cash Equivalents from Operating Activities	(45,806)	(261,112)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on financing lease	(522)	-
NET CHANGE IN CASH AND CASH EQUIVALENTS	(46,328)	(261,112)
CASH AND CASH EQUIVALENTS, Beginning of year	534,757	795,869
CASH AND CASH EQUIVALENTS, End of year	\$ 488,429	\$ 534,757

See accompanying notes to financial statements

Child Day Care Association of St. Louis
d/b/a United 4 Children
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

A. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organization

Child Day Care Association of St. Louis d/b/a United 4 Children is a nonprofit organization formed in 1969. United 4 Children’s mission is to improve quality and accessibility to services for children and youth by empowering and inspiring families, professionals, and the community. United 4 Children is involved in a wide range of activities related to childcare and after school programming, including supporting providers through training, technical assistance, consultation, and assessment; supporting child nutrition programs throughout the bi-state area; supporting families through its resource and referral service, disabilities inclusion programs, and consultation; and various other programs.

Basis of Presentation

The financial statements of United 4 Children have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). United 4 Children 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.

Change in Accounting Principle – Leases

Effective January 1, 2022, the Organization adopted FASB ASC 842, Leases. The new standard establishes a right-of-use (ROU) model that requires a lessee to record an ROU asset and a lease liability on the Statement of Financial Position for all leases and requires expanded qualitative and quantitative disclosures. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition on the Statement of Activities. Leases with a term of less than 12 months will not record a right of use asset and lease liability and the payments will be recognized on the Statement of Activities on a straight-line basis over the lease term.

The Organization elected to adopt FASB ASC 842, *Leases*, using the effective date method that allows the Company to initially apply the new lease standard at the effective date. As a result, the comparative period presented in the financial statements is in accordance with FASB ASC 840.

New Accounting Pronouncement

In September of 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit entities for Contributed Nonfinancial Assets*, which enhances disclosures about contributions of nonfinancial assets, also known as “gifts in-kind”. The new guidance has been applied on a retrospective basis beginning during the year ended December 31, 2021.

Child Day Care Association of St. Louis
d/b/a United 4 Children
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021
(Continued)

A. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Net Assets without Donor Restrictions

Net assets available for use in general operations and not subject to donor or certain grantor restrictions.

Net Assets with Donor Restrictions

Net assets subject to donor or certain grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that such assets be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Use of Estimates

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

Cash and Cash Equivalents

United 4 Children considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents. United 4 Children maintains cash deposits and other investment accounts which at times may exceed the federally insured limits of up to \$250,000 for each account. United 4 Children has not experienced and does not anticipate any losses in such accounts.

Financial Instruments

The carrying amount of cash, receivables, prepaid expenses, deposits, due to childcare providers, accounts payable, accrued liabilities, and deferred revenue approximates fair value due to the short-term maturities of these instruments. In addition, the Organization believes the carrying amount of long-term obligations approximates fair value due to the relative similarity of the effective interest rates as compared to the current market rate.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. Accounts receivable are recognized as revenue in the period earned. The organization considers accounts receivable at December 31, 2022 and 2021, to be fully collectible; accordingly, no allowance for doubtful accounts is required.

Child Day Care Association of St. Louis
d/b/a United 4 Children
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021
(Continued)

A. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Furniture and Equipment

Furniture and equipment are stated at cost. Depreciation is computed on a straight-line basis over the assets' estimated useful lives ranging from three to ten years. Expenditures for repairs and maintenance are charged to operations while renewals and betterments are capitalized. Donations of furniture and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as support without donor restriction unless the donor has restricted the donated asset to a specific purpose.

Deferred Revenue

United 4 Children is the recipient of several cost reimbursement grants. Revenue is recognized as the specified costs described in the grant are incurred. Amounts collected in advance of incurring specified costs are reflected as deferred revenue.

Support and Revenue Recognition

United 4 Children recognizes contributions when cash, securities, or other assets, an unconditional promise to give, or a notification of a beneficial interest, is received. Conditional promises to give – that is, those with a measureable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

Fundraising Event Revenue

The portion of ticket sales and sponsorship revenue that relates to the commensurate value the attendee receives in return is recognized when the related events are held and performance obligations are met.

Foundation and Corporate Grants

A portion of United 4 Children's revenue is derived from cost-reimbursable contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when United 4 Children has incurred expenditures in compliance with specific contract or grant provisions.

Government Grants

A portion of United 4 Children's revenue is derived from cost-reimbursable federal, state, and local contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when United 4 Children has incurred expenditures in compliance with specific contract or grant provisions.

Child Day Care Association of St. Louis
d/b/a United 4 Children
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021
(Continued)

A. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Support and Revenue Recognition (Continued)

Contributions

Contributions are recognized when a donor makes a promise to give to United 4 Children that is, in substance, unconditional. Restricted contributions received and expended in the same fiscal year are reported as increases in net assets without donor restrictions. Amounts received that are restricted by the donor for use in future periods or for specific purposes are reported as support with donor restrictions that increases net assets with donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as net assets released from restrictions.

Functional Expense Allocation

The Statements of Functional Expenses report certain categories of expenses that are attributable to one or more program or supporting functions of United 4 Children. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated on the basis of time and effort include: salaries, employee benefits, payroll taxes, miscellaneous expenses and certain occupancy, supplies, office equipment, telephone, and insurance expenses.

Leases

The Organization determines if an arrangement is or contains a lease at inception. Leases are included in the right-of-use (ROU) assets and lease liabilities on the balance sheet. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term. Variable lease costs are not included in the calculation. Operating lease expense is recognized on a straight-line basis over the lease term. The Organization does not report ROU assets and leases liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as rent expense on a straight-line basis over the lease term.

Income Taxes

United 4 Children qualifies as a not-for-profit organization and is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. United 4 Children does not have unrelated business income, excise taxes, or activities that would threaten United 4 Children's tax-exempt status. Accordingly, no provision for federal or state income taxes is provided. United 4 Children files an information return, IRS Form 990. United 4 Children's tax returns for tax years 2019 and later remain subject to examination by taxing authorities, generally for three years after they are filed. United 4 Children adopted the provisions relating to Accounting for Uncertainty in Income Taxes and management is not aware of any uncertain tax positions of United 4 Children related to the tax filings.

Child Day Care Association of St. Louis
d/b/a United 4 Children
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021
(Continued)

A. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Reclassification

Certain amounts in the prior period presented have been reclassified to conform to the current period financial statement presentation. These reclassifications have no effect on previously reported change in net assets.

Subsequent Events

In preparing these financial statements, United 4 Children has evaluated subsequent events and transactions for potential disclosure through June 22, 2023, the date the financial statements were available to be issued.

B. **AGREEMENTS AND CONTRACTS**

United Way of Greater St. Louis Allocation

United 4 Children receives a monetary allocation from the United Way of Greater St. Louis to support the organization in improving the quality and accessibility of services to children and youth by empowering and inspiring families, professionals, and the community.

St. Louis Mental Health Board Contracts

United 4 Children receives contract payments to implement the Non-Public Afterschool Project that provides training and on-site coaching to promote program quality improvement and staff professional development.

Community Impact Network – Programs Achieving Quality

United 4 Children receives contract payments to implement Programs Achieving Quality in the Normandy area, which provides training and on-site coaching to promote program quality improvement and staff professional development in early childcare settings.

Missouri Department of Health and Senior Services

United 4 Children receives contract payments to implement Inclusion Referral and Training for early childhood programs. Inclusion Specialists work with teachers and parents to address a spectrum of special needs, develop best practices for inclusive care, and conduct trainings, improving the quality and availability of inclusive care throughout the state of Missouri. In 2020, DHSS expanded the program to include a pilot of the Social Emotional Early Childhood (SEEC) program that teaches classroom teachers strategies to address challenging behaviors in preschool environments.

Child Day Care Association of St. Louis
d/b/a United 4 Children
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021
(Continued)

B. **AGREEMENTS AND CONTRACTS** (Continued)

Child and Adult Care Food Program Contracts

United 4 Children is a sponsoring agency, through contracts with the Missouri Department of Health and Senior Services and the Illinois State Board of Education, for the Child and Adult Care Food Program of the United States Department of Agriculture (“USDA”). This program encourages good nutrition by educating home day care providers and reimbursing them for meals served to children in their care. United 4 Children is reimbursed for its program management and administrative expenses by the USDA.

Vision for Children at Risk/St. Louis Project LAUNCH

United 4 Children contracts with Vision for Children at Risk/St. Louis Project LAUNCH (STL-PL), a five-year cooperative agreement from the Substance Abuse and Mental Health Services Administration (SAMHSA). The purpose of STL-PL is to promote the wellness of young children, from 0-8 years of age, by addressing the social, emotional, cognitive, physical, and behavioral aspects of their development in Family Child Care Homes. U4C coaches Family Homecare Providers, using the Center for Social Emotional Foundation on Early Learning (CSEFEL) Pyramid Model through U4C’s Social Emotional Early Childhood program.

Area Resources for Human Services (ARCHS)

United 4 Children receives contract payments from ARCHS to implement the direct service for three different grants: Educare, Infant Toddler Specialist Network, and After School for All Partnership. Each individual grant supports quality improvement and capacity building for childcare providers serving children ranging from infants to school age. To support the growth of these programs we provide professional development, coaching, evaluation, and materials to support health, safety, and child development.

Other Programs

United 4 Children has contracts with various other organizations and entities for quality improvement services consisting of Program Assessment, Technical Assistance, Coaching/Consultation, Networking and Training for childcare programs, caregivers, and service providers that support children and youth.

Child Day Care Association of St. Louis
d/b/a United 4 Children
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021
(Continued)

B. AGREEMENTS AND CONTRACTS (Continued)

Agent Activity

In connection with its Child and Adult Care Food Program Contracts, United 4 Children serves as an agent in disbursing funds to various day care providers and retains an administrative fee for processing these funds. Amounts related to receiving and processing these transactions were as follows:

	December 31,	
	2022	2021
Amounts received and receivable from:		
U.S. Department of Agriculture		
Passed through Missouri	\$2,514,499	\$2,623,851
Passed through Illinois	761,833	1,332,068
	3,276,332	3,955,919
Amounts remitted to or payable to others from:		
U.S. Department of Agriculture		
Passed through Missouri	2,208,064	2,313,311
Passed through Illinois	647,918	1,157,437
	2,855,982	3,470,748
Net Agency Fees	\$ 420,350	\$ 485,171

C. FURNITURE AND EQUIPMENT

Furniture and equipment consists of the following:

	December 31,	
	2022	2021
Leasehold improvements	\$18,536	\$18,536
Office furniture and equipment	42,518	42,518
	61,054	61,054
Less accumulated depreciation	(52,618)	(46,190)
Total Furniture and Equipment, Net	\$ 8,436	\$14,864

Depreciation expense was \$6,428 and \$6,612 for the years ended December 31, 2022 and 2021, respectively.

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D. PAYCHECK PROTECTION PROGRAM GRANT

On May 9, 2020, United 4 Children was granted a loan in the amount of \$270,205 from Midwest BankCentre, pursuant to the Paycheck Protection Program (PPP), established as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). Under certain circumstances, all or part of the loan may be forgiven and converted to a grant.

As of December 31, 2021, United 4 Children spent PPP funds on eligible expenses based on regulations such that the loan would be forgiven in full. On September 10, 2021, United 4 Children received notification from the Small Business Administration that the full amount of the loan had been forgiven. As such, United 4 Children converted \$270,205 to grant income for the year-end December 31, 2021.

E. NET ASSETS WITH DONOR RESTRICTION

Net assets with donor restrictions are available for the following purposes or periods:

	December 31,	
	2022	2021
Subsequent year United Way allocation	\$129,155	\$125,884
Program restrictions	13,500	13,500
Total Net Assets with Donor Restrictions	\$142,655	\$139,384

F. NET ASSETS RELEASED FROM DONOR RESTRICTION

Net assets were released from donor restrictions by occurrence of the passage of time as follows:

	December 31,	
	2022	2021
Time Restrictions Expired Passage of Time	\$125,884	\$122,714

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G. LEASES

The Organization has both an operating and finance lease for office space and equipment. The leases have remaining lease terms of approximately five years. The financing lease is discounted to present value at 1% and the operating lease is discounted at 2.75%.

The following summarizes the line items in the statements of financial position for the operating lease as of December 31, 2022:

Operating lease right-of-use assets	\$355,078
	<u> </u>
Current portion of long-term debt and operating lease liabilities	\$ 65,197
Operating lease liabilities	<u>296,340</u>
Total Operating lease liabilities	<u>\$361,537</u>

The following summarizes the line items in the statements of financial position for the finance lease as of December 31, 2022:

Finance lease right-of-use assets	\$ 77,405
	<u> </u>
Current portion of long-term debt and Finance lease liabilities	\$14,803
Finance lease liabilities	<u>63,296</u>
Total Financing lease liabilities	<u>\$78,099</u>

The maturities of lease liabilities as of December 31, 2022 are as follows:

Year Ending December 31:	Operating	Finance
2023	\$ 74,322	\$15,516
2024	76,552	15,516
2025	78,823	15,516
2026	81,176	15,516
2027	76,683	15,516
Thereafter	-	2,586
	<u>387,556</u>	<u>80,166</u>
Total lease payments	387,556	80,166
Less: interest	<u>26,019</u>	<u>2,067</u>
Present value of lease liabilities	<u>\$361,537</u>	<u>\$78,099</u>

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G. LEASES (Continued)

The following summarizes the line items in the statements of activities which include the components of lease expense for the year ended December 31:

	2022	2021
Operating lease expense included in occupancy expense	\$ 5,633	\$ -
Finance lease costs:		
Amortization of lease asset included in lease expense	1,216	-
Interest on lease liability included in lease expense	66	-
Total finance lease costs	\$ 1,282	\$ -

The following summarizes cash flow information related to leases for the year ended December 31:

	2022	2021
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating lease	\$ -	\$ -
Operating cash flows from finance lease	66	-
Financing cash flows from finance lease	522	-

In 2022, the Organization had an operating right-of-use asset obtained in exchange for an operating lease liability under the adoption of ASC 842 in the amount of \$360,711. The Organization had a financing right-of-use asset obtained in exchange for a financing lease liability under the adoption of ASC 842 in the amount of \$78,621.

Prior to the leases referred to above, the Organization leased office space and equipment under operating leases that expired in 2022. The total cost of these leases was \$128,053 and \$122,185 for the years ending December 31, 2022, and 2021.

H. EMPLOYEE RETIREMENT PLAN

United 4 Children employees aged 21 and older are eligible to make voluntary salary reduction contributions into a 401(k) plan administered by the organization. Beginning in 2017, all employees aged 21 or older with at least one year of service (minimum of 1,000 hours worked) were additionally entitled to employer contributions equal to 1% of their base salaries. Employees are always 100% vested in their own salary contributions. Employees become vested in employer contributions as follows: 20% after two years of service, 50% after three years of service, 60% after four years of service, and fully vested after five years of service. Contributions, net of forfeitures, to the plan were \$11,850 and \$7,827 for 2022 and 2021, respectively.

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I. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

United 4 Children regularly monitors liquidity required to meet its operating needs and other contractual commitments. United 4 Children receives government grants, and contributions with and without donor restriction, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. United 4 Children has a goal to maintain financial assets consisting of cash on hand to meet 90 days of ordinary business expenses. Operating expenses are compared to budgeted expenses on a monthly basis and financial assets on hand are adjusted as necessary. As part of its liquidity management, United 4 Children invests cash in excess of daily requirements in a REPO Sweep account.

United 4 Children's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

	2022	2021
Cash and cash equivalents	\$ 488,429	\$ 534,757
Accounts receivable: less amount due to child care providers	414,514	416,841
United Way receivable	129,155	125,884
Total financial assets	1,032,098	1,077,482
 Financial assets available to meet cash needs for general expenditures within one year	 \$1,032,098	 \$1,077,482