

**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, 2021 AND 2020**

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

CONTENTS

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1 - 2
FINANCIAL STATEMENTS	
Statements of Financial Position.....	3
Statements of Activities	4
Statements of Functional Expenses	5 - 6
Statements of Cash Flows.....	7
Notes to Financial Statements.....	8 - 16



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, 2021 and 2020, 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, 2021 and 2020, 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 July 27, 2022, 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
July 27, 2022

FINANCIAL STATEMENTS

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

ASSETS		December 31,	
	2021	2020	
CURRENT ASSETS			
Cash and cash equivalents	\$ 534,757	\$ 795,869	
Accounts receivable	668,677	482,496	
United Way receivable	125,884	122,714	
Prepaid expenses and deposits	27,360	68,867	
Total Current Assets	1,356,678	1,469,946	
FURNITURE AND EQUIPMENT, NET	14,864	21,476	
Total Assets	\$ 1,371,542	\$ 1,491,422	
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Due to child care providers	\$ 251,836	\$ 277,821	
Accounts payable	68,054	89,912	
Note payable - PPP loan	-	270,205	
Current portion of capital lease obligation	2,440	2,440	
Accrued liabilities	59,310	44,990	
Deferred revenue	148,424	84,473	
Total Current Liabilities	530,064	769,841	
CAPITAL LEASE OBLIGATION	1,630	4,070	
Total Liabilities	531,694	773,911	
NET ASSETS			
Without donor restrictions	700,464	594,797	
With donor restrictions	139,384	122,714	
Total Net Assets	839,848	717,511	
Total Liabilities and Net Assets	\$ 1,371,542	\$ 1,491,422	

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, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Agency fees:			
Amounts received or receivable	\$ 3,955,919	\$ -	\$ 3,955,919
Less: amounts remitted or payable to others	(3,470,748)	-	(3,470,748)
Net Agency Fees	485,171	-	485,171
Foundation and corporate grants	1,487,487	-	1,487,487
Government grants	664,465	-	664,465
Payroll Protection Program grant	270,205	-	270,205
Contributions	37,893	13,500	51,393
United Way Annual allocation	3,981	125,884	129,865
Fundraising events	90,022	-	90,022
Less: cost of direct benefit to donors	(18,571)	-	(18,571)
Program service fees	3,925	-	3,925
Miscellaneous income	2,751	-	2,751
Net assets released from restrictions:			
Satisfaction of time restrictions	122,714	(122,714)	-
Total Support and Revenue	3,150,043	16,670	3,166,713
EXPENSES			
Program Services	2,486,606	-	2,486,606
Supporting Services:			
Management and general	410,271	-	410,271
Fundraising	147,499	-	147,499
Total Expenses	3,044,376	-	3,044,376
CHANGE IN NET ASSETS	105,667	16,670	122,337
NET ASSETS, Beginning of year	594,797	122,714	717,511
NET ASSETS, End of year	\$ 700,464	\$ 139,384	\$ 839,848

See accompanying notes to financial statements

Year Ended December 31, 2020

Without Donor Restrictions	With Donor Restrictions	Total
\$ 3,598,849	\$ -	\$ 3,598,849
(3,153,442)	-	(3,153,442)
445,407	-	445,407
1,516,153	-	1,516,153
495,488	-	495,488
-	-	-
148,089	-	148,089
10,060	122,714	132,774
44,807	-	44,807
(18,580)	-	(18,580)
18,670	-	18,670
1,944	-	1,944
<u>153,392</u>	<u>(153,392)</u>	<u>-</u>
<u>2,815,430</u>	<u>(30,678)</u>	<u>2,784,752</u>
2,288,475	-	2,288,475
420,785	-	420,785
<u>137,253</u>	<u>-</u>	<u>137,253</u>
<u>2,846,513</u>	<u>-</u>	<u>2,846,513</u>
(31,083)	(30,678)	(61,761)
<u>625,880</u>	<u>153,392</u>	<u>779,272</u>
<u>\$ 594,797</u>	<u>\$ 122,714</u>	<u>\$ 717,511</u>

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		Cost of Direct Benefits to Donors	Total
	Child Nutrition Services - Missouri	Child Nutrition Services - Illinois	Inclusion Services	Quality Improvement Services	Total Program Services	Management and General	Fund-Raising		
EXPENSES									
Salaries	\$ 157,898	\$ 114,257	\$ 366,132	\$ 679,158	\$ 1,317,445	\$ 186,022	\$ 99,186	\$ -	1,602,653
Employee benefits	15,127	10,946	35,077	65,066	126,216	17,822	9,502	-	153,540
Payroll taxes	13,779	9,971	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	12,940	7,791	33,038	55,457	109,226	140,125	8,747	-	258,098
Occupancy	11,013	7,969	25,536	47,367	91,885	12,973	6,918	-	111,776
Supplies	13,797	5,315	19,601	63,408	102,121	528	2,227	-	104,876
Office equipment and software	4,659	454	3,100	21,336	29,549	26,279	437	-	56,265
Travel	676	909	29,181	10,823	41,589	-	909	-	42,498
Conference and meetings	62	-	10,322	25,795	36,179	1,221	477	-	37,877
Insurance	2,212	1,619	4,716	8,579	17,126	1,472	1,436	-	20,034
Miscellaneous	-	352	262	7,462	8,076	6,592	4,542	-	19,210
Special events - fundraising	-	-	-	-	-	-	-	18,571	18,571
Postage and shipping	7,742	8,073	325	428	16,568	-	693	-	17,261
Printing and publications	4,541	1,392	996	727	7,656	-	2,324	-	9,980
Depreciation	651	471	1,511	2,803	5,436	767	409	-	6,612
Membership dues	150	350	-	225	725	236	996	-	1,957
	245,247	169,869	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	<u>\$ 245,247</u>	<u>\$ 169,869</u>	<u>\$ 574,578</u>	<u>\$ 1,496,912</u>	<u>\$ 2,486,606</u>	<u>\$ 410,271</u>	<u>\$ 147,499</u>	<u>\$ -</u>	<u>\$ 3,044,376</u>

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, 2020

	Program Services				Supporting Services			Cost of Direct Benefits to Donors	Total
	Child Nutrition Services - Missouri	Child Nutrition Services - Illinois	Inclusion Services	Quality Improvement Services	Total Program Services	Management and General	Fund-Raising		
EXPENSES									
Salaries	\$ 149,077	\$ 103,502	\$ 156,842	\$ 637,524	\$ 1,046,945	\$ 164,607	\$ 81,192	\$ -	\$ 1,292,744
Employee benefits	12,664	8,792	13,324	54,158	88,938	13,984	6,897	-	109,819
Payroll taxes	12,834	8,911	13,503	54,886	90,134	14,171	6,990	-	111,295
Assistance to individuals	-	-	-	468,004	468,004	-	-	-	468,004
Professional fees	9,113	5,192	102,481	98,345	215,131	178,927	22,823	-	416,881
Occupancy	16,835	11,688	19,011	74,798	122,332	18,588	9,169	-	150,089
Supplies	2,061	2,073	7,289	127,523	138,946	944	1,589	-	141,479
Office equipment and software	3,791	6,274	5,147	19,471	34,683	7,863	3,621	-	46,167
Travel	4,848	2,676	-	10,133	17,657	27	397	-	18,081
Conferences and meetings	-	-	4,192	28,186	32,380	6	155	-	32,541
Insurance	2,121	1,381	1,604	8,163	13,269	1,827	860	-	15,956
Miscellaneous	1,426	857	-	316	2,599	12,083	1,108	-	15,790
Special events - fundraising	-	-	-	-	-	-	-	18,580	18,580
Postage and shipping	4,868	2,737	-	78	7,683	646	594	-	8,923
Printing and publications	53	4,365	90	3,596	8,104	560	1,705	-	10,369
Depreciation	-	-	-	-	-	5,277	-	-	5,277
Membership dues	-	-	-	1,670	1,670	1,275	153	-	3,098
	<u>219,691</u>	<u>158,448</u>	<u>323,483</u>	<u>1,586,851</u>	<u>2,288,475</u>	<u>420,785</u>	<u>137,253</u>	<u>18,580</u>	<u>2,865,093</u>
Less expenses included with support on the statement of activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(18,580)</u>	<u>(18,580)</u>
Total Expenses	<u>\$ 219,691</u>	<u>\$ 158,448</u>	<u>\$ 323,483</u>	<u>\$ 1,586,851</u>	<u>\$ 2,288,475</u>	<u>\$ 420,785</u>	<u>\$ 137,253</u>	<u>\$ -</u>	<u>\$ 2,846,513</u>

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,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 122,337	(\$ 61,761)
Adjustments to reconcile change in net assets to net change in cash from operating activities:		
Payroll Protection Program grant	(270,205)	-
Depreciation	6,612	5,277
(Increase) decrease in assets:		
Accounts receivable	(186,181)	(74,869)
United Way receivable	(3,170)	30,678
Prepaid expenses and deposits	41,507	(39,950)
Increase (decrease) in liabilities:		
Due to child care providers	(25,985)	287
Accounts payable	(21,858)	54,796
Accrued liabilities	14,320	26,669
Deferred revenue	<u>63,951</u>	<u>(26,267)</u>
 Net Change in Cash and Cash Equivalents from Operating Activities	 <u>(258,672)</u>	 <u>(85,140)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of furniture and equipment	<u>-</u>	<u>(9,615)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on capital lease obligation	(2,440)	(2,440)
Proceeds from note payable - PPP loan	<u>-</u>	<u>270,205</u>
 Net Change in Cash and Cash Equivalents from Financing Activities	 <u>(2,440)</u>	 <u>267,765</u>
 NET CHANGE IN CASH AND CASH EQUIVALENTS	 <u>(261,112)</u>	 <u>173,010</u>
 CASH AND CASH EQUIVALENTS, Beginning of year	 <u>795,869</u>	 <u>622,859</u>
 CASH AND CASH EQUIVALENTS, End of year	 <u>\$ 534,757</u>	 <u>\$ 795,869</u>

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, 2021 and 2020

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.

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.

Child Day Care Association of St. Louis
d/b/a United 4 Children
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020
(Continued)

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

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, other payables, accrued liabilities, and deferred revenue approximates fair value due to the short-term maturities of these instruments.

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, 2021 and 2020, to be fully collectible; accordingly, no allowance for doubtful accounts is required.

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.

Child Day Care Association of St. Louis
d/b/a United 4 Children
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020
(Continued)

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

Support and Revenue Recognition (Continued)

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.

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.

Child Day Care Association of St. Louis
d/b/a United 4 Children
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020
(Continued)

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

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 2017 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.

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 July 27, 2022, 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.

Child Day Care Association of St. Louis
d/b/a United 4 Children
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020
(Continued)

B. AGREEMENTS AND CONTRACTS (Continued)

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 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, 2021 and 2020
(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,	
	2021	2020
Amounts received and receivable from:		
U.S. Department of Agriculture		
Passed through Missouri	\$2,623,851	\$2,426,702
Passed through Illinois	1,332,068	1,172,147
	3,955,919	3,598,849
Amounts remitted to or payable to others from:		
U.S. Department of Agriculture		
Passed through Missouri	2,313,311	2,157,164
Passed through Illinois	1,157,437	996,278
	3,470,748	3,153,442
Net Agency Fees	\$ 485,171	\$ 445,407

C. FURNITURE AND EQUIPMENT

Furniture and equipment consists of the following:

	December 31,	
	2021	2020
Leasehold improvements	\$18,536	\$18,536
Office furniture and equipment	42,518	42,518
	61,054	61,054
Less accumulated depreciation	(46,190)	(39,578)
Total Furniture and Equipment, Net	\$14,864	\$21,476

Depreciation expense was \$6,612 and \$5,277 for the years ended December 31, 2021 and 2020, respectively.

Child Day Care Association of St. Louis
d/b/a United 4 Children
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020
(Continued)

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. CAPITAL LEASE OBLIGATION

United 4 Children had a noncash investing and financing transaction related to a capital lease for new office equipment for \$12,000 in 2018. The capital lease expires in August 2023. The economic substance of the lease is that United 4 Children is financing the acquisition of the equipment through the lease, and accordingly, it is recorded in United 4 Children's assets and liabilities. The asset is depreciated over the estimated useful life.

Following is a summary of equipment held under capital lease:

	December 31,	
	2021	2020
Office equipment	\$12,000	\$12,000
Accumulated depreciation	(3,700)	(2,500)
	\$ 8,300	\$ 9,500

Minimum future lease payments under the capital lease as of December 31, 2021 are as follows:

Year Ending	Amount
2022	\$ 2,928
2023	1,952
Net minimum lease payments	4,880
Amount representing interest	(810)
Present value of net minimum lease payments	\$ 4,070

Child Day Care Association of St. Louis
d/b/a United 4 Children
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020
(Continued)

F. NET ASSETS WITH DONOR RESTRICTION

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

	December 31,	
	2021	2020
Subsequent year United Way allocation	\$125,884	\$122,714
Program restrictions	13,500	-
Total Net Assets with Donor Restrictions	<u>\$139,384</u>	<u>\$122,714</u>

G. NET ASSETS RELEASED FROM DONOR RESTRICTION

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

	December 31,	
	2021	2020
Time Restrictions Expired		
Passage of Time	<u>\$122,714</u>	<u>\$153,392</u>

H. OPERATING LEASES

In December 2012, United 4 Children executed a lease agreement for office space in St. Louis which expired in December 31, 2017. In December 2017, United 4 Children moved to a new office in St. Louis and executed a new lease agreement which expires in December 2022. In August 2015, United 4 Children executed a lease agreement in the City of Wellston to operate the Early Childhood Learning Center which expired in December 2020. Rent expense for these agreements was \$95,052 and \$133,524 for the years ended December 31, 2021 and 2020, respectively.

United 4 Children also leases office equipment under several operating leases that expire at various dates through 2023. Expense for office equipment leases was \$27,133 and \$26,497 for the years ended December 31, 2021 and 2020, respectively.

The future minimum lease payments required under these non-cancellable leases, as of December 31, 2021, are as follows:

Year Ending	
2022	\$118,260
2023	15,713
	<u>\$133,973</u>

Child Day Care Association of St. Louis
d/b/a United 4 Children
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020
(Continued)

I. 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 \$7,827 and \$11,322 for 2021 and 2020, respectively.

J. 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:

	2020	2019
Cash and cash equivalents	\$ 534,757	\$ 795,869
Accounts receivable: less amount due to child care providers	416,841	204,675
United Way receivable	125,884	122,714
Total financial assets	1,077,482	1,123,258
Total financials assets not available to be used within one year	-	-
Financial assets available to meet cash needs for general expenditures within one year	\$1,077,482	\$1,123,258