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, 2023 AND 2022

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

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SCHMERSAHL TRELOAR & CO.
Certified Public Accountants

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, 2023 and 2022, 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, 2023 and 2022, 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 September 25, 2024, 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
September 25, 2024

FINANCIAL STATEMENTS

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

ASSETS

	December 31, 2023	December 31, 2022
CURRENT ASSETS		
Cash and cash equivalents	$ 401,356	$ 494,568
Grants receivable	1,507,165	592,733
United Way receivable	124,628	129,155
Prepaid expenses and deposits	34,902	16,004
Total Current Assets	2,068,051	1,232,460
FURNITURE AND EQUIPMENT, NET	92,584	8,436
OPERATING LEASE RIGHT-OF-USE ASSET	295,710	355,078
FINANCE LEASE RIGHT-OF-USE ASSET	62,736	77,405
Total Assets	$ 2,519,081	$ 1,673,379

LIABILITIES AND NET ASSETS

	2023	2022
CURRENT LIABILITIES		
Due to child care providers	$ 163,583	$ 178,219
Accounts payable	230,508	99,115
Accrued liabilities	328,795	135,961
Line of credit	350,000	-
Deferred revenue	9,863	56,230
Current portion of finance lease liabilities	14,951	14,803
Current portion of operating lease liabilities	71,563	65,197
Total Current Liabilities	1,169,263	549,525
FINANCE LEASE LIABILITIES	48,344	63,296
OPERATING LEASE LIABILITIES	234,124	296,340
Total Liabilities	1,451,731	909,161
NET ASSETS		
Without donor restrictions	867,722	621,563
With donor restrictions	199,628	142,655
Total Net Assets	1,067,350	764,218
Total Liabilities and Net Assets	$ 2,519,081	$ 1,673,379

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, 2023		
	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Agency fees:			
Amounts received or receivable	$ 2,588,133	$ -	$ 2,588,133
Less: amounts remitted or payable to others	(2,286,247)	-	(2,286,247)
Net Agency Fees	301,886	-	301,886
Grants	3,732,588	75,000	3,807,588
Contributions	50,004	-	50,004
United Way annual allocation	2,160	124,628	126,788
Fundraising events	87,830	-	87,830
Less: cost of direct benefit to donors	(21,526)	-	(21,526)
Miscellaneous income	18,924	-	18,924
Net assets released from restrictions:			
Satisfaction of time restrictions	142,655	(142,655)	-
Total Support and Revenue	4,314,521	56,973	4,371,494
EXPENSES			
Program Services	3,088,601	-	3,088,601
Supporting Services:			
Management and general	687,407	-	687,407
Fundraising	292,354	-	292,354
Total Expenses	4,068,362	-	4,068,362
CHANGE IN NET ASSETS	246,159	56,973	303,132
NET ASSETS, Beginning of year	621,563	142,655	764,218
NET ASSETS, End of year	$ 867,722	$ 199,628	$ 1,067,350

See accompanying notes to financial statements

Without Donor Restrictions	With Donor Restrictions	Total
Year Ended December 31, 2022		
$ 3,276,332	$ -	$ 3,276,332
(2,855,982)	-	(2,855,982)
420,350	-	420,350
2,447,273	-	2,447,273
154,470	-	154,470
-	129,155	129,155
14,227	-	14,227
(280)	-	(280)
4,355	-	4,355
125,884	(125,884)	-
3,166,279	3,271	3,169,550
2,609,878	-	2,609,878
399,250	-	399,250
236,052	-	236,052
3,245,180	-	3,245,180
(78,901)	3,271	(75,630)
700,464	139,384	839,848
$ 621,563	$ 142,655	$ 764,218

Child Day Care Association of St. Louis
d/b/a United 4 Children
STATEMENTS OF FUNCTIONAL EXPENSES
Year Ended December 31, 2023

	Program Services				Supporting Services			
	Child Nutrition Services	Inclusion Services	Quality Improvement Services	Total Program Services	Management and General	Fund-Raising	Cost of Direct Benefits to Donors	Total
EXPENSES								
Salaries	$ 220,811	$ 369,262	$ 1,433,036	$ 2,023,109	$ 309,087	$ 154,419	$ -	$ 2,486,615
Employee benefits	26,240	43,881	170,294	240,415	36,730	18,350	-	295,495
Payroll taxes	19,573	32,731	127,024	179,328	27,397	13,688	-	220,413
Professional fees	7,002	5,540	177,446	189,988	288,546	88,791	-	567,325
Assistance to individuals	-	-	144,584	144,584	-	-	-	144,584
Travel	8,452	27,895	69,199	105,546	-	-	-	105,546
Occupancy	9,163	15,324	59,495	83,982	12,840	6,407	-	103,229
Depreciation and amortization	2,944	4,924	19,117	26,985	4,126	2,059	-	33,170
Supplies	1,882	2,197	27,369	31,448	951	661	-	33,060
Special events - fundraising	-	-	-	-	-	-	21,526	21,526
Conference and meetings	1,803	3,015	11,707	16,525	2,527	1,261	-	20,313
Office equipment and software	1,461	2,444	9,487	13,392	2,047	1,022	-	16,461
Miscellaneous	1,222	2,044	7,934	11,200	1,712	855	-	13,767
Printing and publications	4,523	143	720	5,386	30	3,764	-	9,180
Membership dues	738	1,235	4,795	6,768	1,035	516	-	8,319
Postage and shipping	5,356	9	2,102	7,467	-	372	-	7,839
Insurance	270	452	1,756	2,478	379	189	-	3,046
	311,440	511,096	2,266,065	3,088,601	687,407	292,354	21,526	4,089,888
Less expenses included with support on the statement of activities	-	-	-	-	-	-	(21,526)	(21,526)
Total Expenses	$ 311,440	$ 511,096	$ 2,266,065	$ 3,088,601	$ 687,407	$ 292,354	$ -	$ 4,068,362

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, 2022

	Program Services				Supporting Services			
	Child Nutrition Services	Inclusion Services	Quality Improvement Services	Total Program Services	Management and General	Fund-Raising	Cost of Direct Benefits to Donors	Total
EXPENSES								
Salaries	$ 301,442	$ 405,532	$ 752,243	$ 1,459,217	$ 206,040	$ 109,859	$ -	$ 1,775,116
Employee benefits	30,843	41,142	76,184	148,169	20,164	11,273	-	179,606
Payroll taxes	26,468	35,608	66,051	128,127	18,092	9,647	-	155,866
Professional fees	24,752	39,445	66,212	130,409	101,015	76,730	-	308,154
Assistance to individuals	-	11,226	391,658	402,884	-	-	-	402,884
Travel	2,041	37,585	13,940	53,566	-	1,171	-	54,737
Occupancy	20,800	27,982	51,903	100,685	14,216	7,581	-	122,482
Depreciation and amortization	1,204	1,534	3,194	5,932	1,316	396	-	7,644
Supplies	17,989	18,450	59,684	96,123	497	2,096	-	98,716
Special events - fundraising	-	-	-	-	-	-	280	280
Conferences and meetings	41	6,889	17,215	24,145	815	318	-	25,278
Office equipment and software	4,668	2,834	19,484	26,986	24,005	411	-	51,402
Miscellaneous	585	436	12,409	13,430	10,962	7,553	-	31,945
Printing and publications	290	49	36	375	-	113	-	488
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
Insurance	458	565	1,026	2,049	176	172	-	2,397
	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 CASH FLOWS

	Year Ended December 31, 2023	Year Ended December 31, 2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 303,132	($ 75,630)
Adjustments to reconcile change in net assets to net change in cash from operating activities:		
Depreciation and amortization	33,170	7,644
Reduction in carrying amount of operating lease right-of-use	59,368	5,633
(Increase) decrease in assets:		
Grants receivable	(914,432)	75,944
United Way receivable	4,527	(3,271)
Prepaid expenses and deposits	(18,898)	11,356
Increase (decrease) in liabilities:		
Due to child care providers	(14,636)	(73,617)
Accounts payable	131,393	31,061
Accrued liabilities	192,834	72,581
Deferred revenue	(46,367)	(92,194)
Operating lease liabilities	(55,850)	826
Net Change in Cash and Cash Equivalents from Operating Activities	(325,759)	(39,667)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of furniture and equipment	(102,649)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from line of credit	350,000	-
Payments on financing obligations	(14,804)	(522)
Net Change in Cash and Cash Equivalents from Financing Activities	335,196	(522)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(93,212)	(40,189)
CASH AND CASH EQUIVALENTS, Beginning of year	494,568	534,757
CASH AND CASH EQUIVALENTS, End of year	$ 401,356	$ 494,568

See accompanying notes to financial statements

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.

Change in Accounting Principle

In June 2016, the FASB issued guidance (FASB ASC 326) which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through change in net assets. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. The Organization adopted the standard effective January 1, 2023. The impact of the adoption was not considered material to the financial statements.

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.

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

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.

Financial Instruments

The carrying amount of cash, receivables, prepaid expenses, deposits, due to childcare providers, accounts payable, accrued liabilities, line of credit, and deferred revenue, and operating and financing lease liabilities reported in the statements of financial position 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.

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.

Grants Receivable

Grants receivable are stated at the amount management expects to collect from balances outstanding at year-end. Grants receivable are recognized as revenue in the period earned. The organization considers grants receivable at December 31, 2023 and 2022, 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.

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

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.

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.

Revenue Recognition - Contributions

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.

Grants

A portion of United 4 Children's revenue is derived from cost-reimbursable contracts and 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.

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

Revenue Recognition – Contributions *(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 restriction.

Revenue Recognition – Contracts with Customers

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.

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.

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 2020 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.

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 September 25, 2024, 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.

Community Impact Network – Programs Achieving Quality (PAQ)

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.

Department of Elementary and Secondary Education (DESE)

United 4 Children receives contract payments to implement Child Care 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.

United 4 Children receives contract payments from DESE to implement the Early Care and Education Resource and Referral Network. Early Care and Education Resource and Referral (ECERR) brings together childcare referral and early care and education (ECE) resources, including home visiting, early intervention, and childcare. ECERR helps families learn about and access the resources and services they need to ensure that their children are safe, healthy, and successful learners. United 4 Children manages a statewide call center and self-search websites to help families understand and identify the ECE options and resources that best fit their needs; partners with Missouri childhood community leaders in the seven (7) DESE regions to increase awareness of early childhood programs and services and local resources; works with Missouri childhood community leaders to collect, document, and update resources on the coordinated resource website, Missouri Family Resources; provides data on the supply of and demand for child care services to the Office of Childhood each quarter; and creates child care consumer education packets and materials that can be shared with families by mail or electronically.

B. AGREEMENTS AND CONTRACTS *(Continued)*

Child and Adult Care Food Program

United 4 Children is a sponsoring agency, through contracts with the Missouri Department of Health and Senior Services 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. United 4 Children coaches Family Homecare Providers, using the Center for Social Emotional Foundation on Early Learning (CSEFEL) Pyramid Model through United 4 Children'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: Home Based Child Care Collaborative Network, Infant Toddler Specialist Network, and Preschool Child Care Collaborative. 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, Financial Assistance, Networking and Training for childcare programs, caregivers, and service providers that support children and youth. Funders include St. Louis Port Authority, Gateway Early Childhood Alliance, Missouri Foundation for Health, Child Care Aware of Missouri, Elevance Health, Stupp Foundation, Orthwein Foundation, St. Charles County Community and Children's Resource Board.

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, 2023	December 31, 2022
Amounts received and receivable from:		
U.S. Department of Agriculture		
Passed through Missouri	$2,588,133	$2,514,499
Passed through Illinois	-	761,833
	$2,588,133	$3,276,332
Amounts remitted to or payable to others from:		
U.S. Department of Agriculture		
Passed through Missouri	$2,286,247	$2,208,064
Passed through Illinois	-	647,918
	2,286,247	2,855,982
Net Agency Fees	$ 301,886	$ 420,350

C. **FURNITURE AND EQUIPMENT**

Furniture and equipment consists of the following:

	December 31, 2023	December 31, 2022
Office furniture and equipment	$145,167	$42,518
Leasehold improvements	18,536	18,536
	163,703	61,054
Less accumulated depreciation	(71,119)	(52,618)
Total Furniture and Equipment, Net	$ 92,584	$ 8,436

Depreciation expense was $18,501 and $6,428 for the years ended December 31, 2023 and 2022, respectively.

D. LINE OF CREDIT

United 4 Children has an available line of credit with a local bank in the amount of $700,000, which is collateralized by various assets of the Organization. The agreement expired February 28, 2024, and was renewed under the same terms until August 28, 2024. The renewal of the line of credit is being negotiated currently. The line has a variable interest rate at the bank's prime index of 8.50% at December 31, 2023. As of December 31, 2023, the line of credit had an outstanding balance of $350,000. There was no balance outstanding as of December 31, 2022.

E. NET ASSETS WITH DONOR RESTRICTION

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

	December 31,	
	2023	2022
Subsequent year United Way allocation	$124,628	$129,155
Program restrictions	75,000	13,500
Total Net Assets with Donor Restrictions	$199,628	$142,655

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,	
	2023	2022
Passage of Time	$129,155	$125,884
Program restrictions	13,500	-
Total Net Assets released from Donor Restrictions	$142,655	$125,884

G. FINANCE LEASES

The Organization has a finance lease for copiers. The lease has a remaining lease term of approximately 4.17 years and 5.17 years, and a discount rate of 1%, at December 31, 2023 and 2022, respectively.

G. **FINANCE LEASES** *(Continued)*

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

	2023	2022
Finance lease right-of-use assets	$62,736	$77,405
Current portion of finance lease liabilities	14,951	14,803
Finance lease liabilities	48,344	63,296
Total finance lease liabilities	$63,295	$78,099

The maturities of finance lease liabilities as of December 31, 2023 are as follows:

Years Ending December 31,	
2024	$15,516
2025	15,516
2026	15,516
2027	15,516
2028	2,586
Total lease payments	$64,650
Less: interest	1,355
Present value of lease liabilities	$63,295

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

	2023	2022
Finance lease costs:		
Amortization of lease assets included in depreciation and amortization expense	$14,669	$ 1,216
Interest on lease liabilities included in interest expense	713	66
Total finance lease costs	$15,382	$ 1,282

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

	2023	2022
Operating cash flows from finance lease	$ 713	$ 66
Financing cash flows from finance lease	14,803	522

H. OPERATING LEASES

The organization leases office space under an operating lease agreement expiring in November 2027. The lease has a remaining lease term of approximately 3.92 years and 4.92 years, and a discount rate of 2.75%, at December 31, 2023 and 2022, respectively.

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

	2023	2022
Operating lease right-of-use assets	$295,710	$355,078
Current portion of operating lease liabilities	71,563	65,197
Operating lease liabilities	234,124	296,340
Total operating lease liabilities	$305,687	$361,537

The maturities of operating lease liabilities as of December 31, 2023 are as follows:

Years Ending December 31,	
2024	$ 79,072
2025	81,343
2026	83,696
2027	78,992
Total lease payments	323,103
Less: interest	17,416
Present value of lease liabilities	$305,687

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

	2023	2022
Operating lease expense included in occupancy expense	$ 79,947	$103,803

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

	2023	2022
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating lease	$ 76,632	$ 97,344

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 $38,359 and $11,850 for 2023 and 2022, 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:

	2023	2022
Cash and cash equivalents	$ 401,356	$ 494,568
Grants receivable: less amount due to child care providers	1,343,582	414,514
United Way receivable	124,628	129,155
Financial assets available to meet cash needs for general expenditures within one year	$1,869,566	$1,038,237

As more fully described in Note D, United 4 Children also has a committed line of credit in the amount of $700,000, which it could draw upon in the event of an unanticipated liquidity need.