

**CHILDCARE RESOURCES**

**Financial Statements  
and  
Supplemental Information**

**For The Year Ended  
September 30, 2021  
With Comparative Totals for the  
Year Ended September 30, 2020**

## CHILDCARE RESOURCES

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## CHILDCARE RESOURCES

### Nature of Operations For the Year Ended September 30, 2021

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#### MISSION STATEMENT

Childcare Resources' mission is to make quality care and education of children happen by providing information, education and assistance to families, providers of child care and the community.

#### SERVICES FOR CHILDREN AND THEIR FAMILIES

- **Child Care Resource and Referral** - Provides referrals to legally operating child care providers and resources on selecting the appropriate care for children.
- **Child Care Financial Assistance** - Provides child care financial assistance to working families who are over income to receive state subsidies.
- **Parent Resources and Support** - Provides information and materials to assist parents/families in parenting their children. Resources offered include child development information, including age-appropriate expectations, activities and positive parenting practices, among other topics.
- **Head Start** - Provides quality educational and comprehensive services to young children and their families through community partnerships that promote school readiness, healthy family engagement and developmental services.

#### SERVICES FOR CHILD CARE PROVIDERS

- **Training and Technical Assistance** - Training sessions, courses and conferences are offered for providers to assist them in meeting the needs of children in their care. Technical assistance is available to current and potential providers looking to improve the quality of care being provided, open a new child care program or seek Child Development Association or national accreditation. Programs include:
  - **Early Learning Library and Resource Van** - offers an array of resources and services for early care educators.
  - **RISE Assistance to Accreditation** - offers assistance to child care programs interested in working towards national accreditation standards and improving the quality of early care they offer at their child care center.
  - **Infant Toddler Program** - offers assistance to child care centers that want to improve the quality of care in their infant and toddler classrooms.

#### SERVICES FOR THE COMMUNITY

- **Meeting the Demand for Child Care** - Childcare Resources recruits, trains and provides technical assistance to child care providers so that parents have access to quality care and are able to be successful in the workplace.
- **Education** - Childcare Resources provides employers and the community with information surrounding quality child care issues through the *Status of Child Care Report*, which is published periodically and provides data on early care and education in Blount, Jefferson, Shelby, and Walker counties.
- **Public Awareness** - Childcare Resources educates parents and providers so they can serve as advocates for child care issues and support quality care locally, statewide and nationally. Families, providers and the community are encouraged to educate their legislators on issues important for young children. Since children cannot vote, we must be their voice.

BORLAND  
BENEFIELD

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Childcare Resources  
Birmingham, Alabama

**Opinion**

We have audited the accompanying financial statements of Childcare Resources (a nonprofit organization), which comprise the statement of financial position as of September 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Childcare Resources as of September 30, 2021, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Childcare Resources and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**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 Childcare Resources' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Childcare Resources' 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 Childcare Resources' 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 Matters**

Our audit was conducted for the purpose of forming an opinion on the combined financial statements that comprise the Agency's basic combined financial statements. The combining statement of financial position and statement of activities are presented for purposes of additional analysis and are not a required part of the financial statements of Childcare Resources. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated **REPORT DATE** on our consideration of Childcare Resources' 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 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 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 the Agency's internal control over financial reporting and compliance.

## Report on Summarized Comparative Information

We have previously audited Childcare Resources' 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 1, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Borland Benefield P.C.*

Borland Benefield, P.C.  
Birmingham, Alabama

**REPORT DATE**

CHILDCARE RESOURCES

Statement of Financial Position  
As of September 30, 2021

With Comparative Totals for the Year Ended September 30, 2020

	<u>2021</u>	<u>2020</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 276,336	\$ 441,179
Grants receivable	422,114	455,104
Pledges receivable, net	49,727	69,952
Prepaid expenses	7,875	7,875
Property and equipment, net	<u>18,141</u>	<u>27,382</u>
<b>Total Assets</b>	<u>\$ 774,193</u>	<u>\$ 1,001,492</u>
<b>Liabilities and Net Assets</b>		
Liabilities		
Accounts payable	\$ 287,042	\$ 377,776
Accrued expenses	<u>65,063</u>	<u>45,992</u>
Total Liabilities	<u>352,105</u>	<u>423,768</u>
Net Assets		
Without donor restrictions	351,753	473,157
With donor restrictions	<u>70,335</u>	<u>104,567</u>
Total Net Assets	<u>422,088</u>	<u>577,724</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 774,193</u>	<u>\$ 1,001,492</u>

See accompanying notes to financial statements.

## CHILDCARE RESOURCES

### Statement of Activities For the Year Ended September 30, 2021 With Comparative Totals for the Year Ended September 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2021 Total</u>	<u>2020 Total</u>
<b>Revenue and Support</b>				
Governmental grants	\$ -	\$ 5,200,076	\$ 5,200,076	\$ 1,128,291
United Way of Central Alabama	562,036	-	562,036	611,298
Contributions	58,605	109,347	167,952	197,774
Special events	180,653	-	180,653	135,622
Corporate contracts and program revenue	16,950	95,353	112,303	99,794
In-kind	106,139	-	106,139	-
Other revenue	2,570	-	2,570	1,526
Net assets released from restrictions	<u>5,439,008</u>	<u>(5,439,008)</u>	<u>-</u>	<u>-</u>
<b>Total Revenue and Support</b>	<u>6,365,961</u>	<u>(34,232)</u>	<u>6,331,729</u>	<u>2,174,305</u>
<b>Expenses</b>				
Program Services				
Head Start	4,684,380	-	4,684,380	355,482
Training and technical assistance	708,296	-	708,296	779,935
Supplemental child care program	206,970	-	206,970	176,923
RISE	86,147	-	86,147	81,684
Infant toddler	85,364	-	85,364	87,090
Early learning resource van/center	70,398	-	70,398	71,712
Resource and referral	<u>57,578</u>	<u>-</u>	<u>57,578</u>	<u>38,193</u>
Total Program Services	<u>5,899,133</u>	<u>-</u>	<u>5,899,133</u>	<u>1,591,019</u>
Supporting Services				
Management and general	300,635	-	300,635	210,630
Fundraising	<u>287,597</u>	<u>-</u>	<u>287,597</u>	<u>239,149</u>
<b>Total Expenses</b>	<u>6,487,365</u>	<u>-</u>	<u>6,487,365</u>	<u>2,040,798</u>
<b>Change in Net Assets</b>	(121,404)	(34,232)	(155,636)	133,507
<b>Net Assets, Beginning of Year</b>	<u>473,157</u>	<u>104,567</u>	<u>577,724</u>	<u>444,217</u>
<b>Net Assets, End of Year</b>	<u>\$ 351,753</u>	<u>\$ 70,335</u>	<u>\$ 422,088</u>	<u>\$ 577,724</u>

See accompanying notes to financial statements.



**CHILDCARE RESOURCES**

**Statement of Functional Expenses  
For the Year Ended September 30, 2021  
With Summary Totals for 2020**

	<b>Training &amp; Technical Assistance</b>	<b>Supplemental Child Care Program</b>	<b>RISE</b>	<b>Early Learning Resource Van/Center</b>	<b>Infant Toddler</b>	<b>Resource Referral</b>	<b>Head Start</b>	<b>Total Program Services</b>	<b>Management &amp; General</b>	<b>Fundraising</b>	<b>2021 Total</b>	<b>2020 Total</b>
<b>Functional Expenses</b>												
Salaries	\$ 365,265	\$ 50,095	\$ 58,073	\$ 43,831	\$ 57,718	\$ 32,260	\$ 1,926,051	\$ 2,533,293	\$ 190,274	\$ 160,306	\$ 2,883,873	\$ 948,858
Employee benefits	69,785	5,402	3,454	9,988	3,517	2,137	197,043	291,326	17,972	15,166	324,464	102,292
Payroll taxes	28,537	3,915	4,592	3,290	4,538	2,570	152,543	199,985	11,864	12,312	224,161	71,576
Retirement	15,206	2,558	3,988	1,220	4,000	1,271	12,996	41,239	10,732	10,839	62,810	56,576
Total Salaries and Related Costs	<u>478,793</u>	<u>61,970</u>	<u>70,107</u>	<u>58,329</u>	<u>69,773</u>	<u>38,238</u>	<u>2,288,633</u>	<u>3,065,843</u>	<u>230,842</u>	<u>198,623</u>	<u>3,495,308</u>	<u>1,179,302</u>
<b>Other Expenses</b>												
Contractual services	94,457	483	916	682	929	1,002	1,688,697	1,787,166	22,716	28,136	1,838,018	488,766
Program supplies	2,014	29	566	203	70	259	318,783	321,924	2,197	5,533	329,654	15,999
Occupancy	87,025	3,547	6,490	4,868	6,586	6,981	60,077	175,574	12,460	14,486	202,520	146,004
Child care payments	-	133,380	-	-	-	-	-	133,380	-	-	133,380	48,910
Office supplies	2,609	95	185	138	184	324	72,578	76,113	2,727	408	79,248	4,713
Meetings and conventions	26	-	-	-	-	-	58,899	58,925	910	118	59,953	3,018
Professional fees	8,371	5,568	1,090	982	1,069	8,231	13,760	39,071	5,310	2,626	47,007	36,094
Telephone	2,922	564	375	1,404	381	404	22,637	28,687	2,801	1,463	32,951	9,240
Agency sponsored events	-	-	-	-	-	-	2,250	2,250	1,438	26,169	29,857	4,624
Insurance	11,293	708	1,371	1,133	1,462	1,644	1,224	18,835	2,146	3,016	23,997	20,448
Utilities	-	-	-	-	-	-	21,547	21,547	-	-	21,547	-
Incentives	9,350	-	4,607	-	4,455	-	-	18,412	-	-	18,412	33,712
Production of material	1,090	33	61	74	68	71	6,185	7,582	115	3,398	11,095	8,206
Equipment	-	-	-	-	-	-	8,190	8,190	-	-	8,190	135
Dues and subscriptions	2,233	408	26	28	25	29	4,178	6,927	552	410	7,889	4,721
Staff reimbursements	67	-	-	-	-	-	7,242	7,309	-	-	7,309	1,417
Postage and shipping	2,693	185	353	286	362	395	556	4,830	608	1,151	6,589	2,476
Honorariums	5,275	-	-	-	-	-	-	5,275	-	-	5,275	4,700
Repair and maintenance	-	-	-	1,628	-	-	273	1,901	1,600	-	3,501	1,458
Miscellaneous	58	-	-	11	-	-	2,892	2,961	214	-	3,175	2,473
Educational resources	20	-	-	632	-	-	-	652	-	-	652	2,060
Interest	-	-	-	-	-	-	-	-	262	-	262	551
Consumer education	-	-	-	-	-	-	-	-	-	-	-	-
Scholarships	-	-	-	-	-	-	-	-	-	-	-	-
Advertising	-	-	-	-	-	-	-	-	-	-	-	250
Total Other Expenses	<u>229,503</u>	<u>145,000</u>	<u>16,040</u>	<u>12,069</u>	<u>15,591</u>	<u>19,340</u>	<u>2,289,968</u>	<u>2,727,511</u>	<u>56,056</u>	<u>86,914</u>	<u>2,870,481</u>	<u>839,975</u>
Total Expenses Before Depreciation	708,296	206,970	86,147	70,398	85,364	57,578	4,578,601	5,793,354	286,898	285,537	6,365,789	2,019,277
Uncollectable pledges	-	-	-	-	-	-	-	-	-	1,700	1,700	-
In-kind	-	-	-	-	-	-	105,779	105,779	-	360	106,139	-
Depreciation	-	-	-	-	-	-	-	-	13,737	-	13,737	21,521
<b>Total Functional Expenses</b>	<u>\$ 708,296</u>	<u>\$ 206,970</u>	<u>\$ 86,147</u>	<u>\$ 70,398</u>	<u>\$ 85,364</u>	<u>\$ 57,578</u>	<u>\$ 4,684,380</u>	<u>\$ 5,899,133</u>	<u>\$ 300,635</u>	<u>\$ 287,597</u>	<u>\$ 6,487,365</u>	<u>\$ 2,040,798</u>

See accompanying notes to the financial statements.

**CHILDCARE RESOURCES**

**Statement of Cash Flows  
For the Year Ended September 30, 2021**

**With Comparative Totals for the Year Ended September 30, 2020**

	<u>2021</u>	<u>2020</u>
<b>Cash Flows from Operating Activities</b>		
Cash received from United Way	\$ 562,036	\$ 611,298
Governmental grant revenue received	5,194,936	753,558
Contributions received	338,610	318,384
Special event income	178,953	135,622
Other cash received	2,296	-
Cash paid for programs and operations	(6,437,191)	(1,650,834)
Interest paid	(264)	-
Interest received	276	647
<b>Net Cash Provided/(Used) by Operating Activities</b>	<u>(160,348)</u>	<u>168,675</u>
<b>Cash Flows from Investing Activities</b>		
Acquisition of property and equipment	<u>(4,495)</u>	<u>-</u>
<b>Net Cash (Used) by Investing Activities</b>	<u>(4,495)</u>	<u>-</u>
<b>Net Change in Cash and Cash Equivalents</b>	(164,843)	168,675
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>441,179</u>	<u>272,504</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 276,336</u>	<u>\$ 441,179</u>

*See accompanying notes to financial statements.*

## CHILDCARE RESOURCES

### Notes to Financial Statements For the Year Ended September 30, 2021

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#### Note 1 – Summary of Significant Accounting Policies

Introduction – Child Care Resources (the Agency) was incorporated under the laws of the State of Alabama in 1984 as a nonprofit organization and serves the greater Birmingham, Alabama area. The mission of the Agency is to make quality childcare and education of children happen by providing information, education and assistance to families, providers of childcare and the community.

Use of Estimates – The preparation of financial statements in conformity with *Generally Accepted Accounting Principles* requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Basis of Financial Statement Presentation – The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with *Generally Accepted Accounting Principles*. Net assets, revenue, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions.

The Agency reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Agency, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into the course of its operations.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

Cash and Cash Equivalents – For purposes of the Statement of Cash Flows, the Agency considers all unrestricted highly liquid investments with a maturity of three months or less to be cash equivalents.

Fair Value of Financial Instruments – Financial Accounting Standards Board ASC 820-10, Fair Value Measurement and Disclosures, requires the Agency to disclose estimated fair values for its financial instruments. Fair value estimates, methods and assumptions are set forth below for the Agency's financial instruments.

The carrying amounts of cash, accounts receivable, accounts payable, and accrued liabilities approximates fair value because of the short-term maturity of those instruments.

Receivables and Revenue Recognition – Management reviews all receivables annually for uncollectible accounts. At year end, management believes that all amounts included in receivables are collectible and an allowance for uncollectible accounts would be immaterial to the financial statements. Revenues from grant contracts are recognized by the Agency when the grantor organization is billed.

*See independent auditor's report.*

## CHILDCARE RESOURCES

### Notes to Financial Statements (continued) For the Year Ended September 30, 2021

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#### Note 1 – Summary of Significant Accounting Policies (continued)

Promises to Give – Conditional promises to give are not recognized in the financial statements until the conditions are substantially met. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at fair value, which is measured as the present value of cash flows. Management has determined the discounts on those amounts to be \$2,021 and \$2,881 as of September 30, 2021 and 2020, respectively.

Property and Equipment – Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Agency reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Agency reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Property and equipment is capitalized at cost if purchase price exceeds \$500 or fair market value, if donated. Property and equipment is depreciated using the straight-line method over the estimated useful life of the asset.

Contributions – Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Concentration of Contributions – The Agency receives approximately 34% of its annual budget income from the Alabama Department of Human Resources and 35% from the United Way of Central Alabama. At year-end, approximately 78% of the Agency's grants receivable balance was due from the Department of Health and Human Services. Any changes in the State Department or United Way budgets would significantly affect the Agency and its operations.

Functional Expense Allocation – The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited through the indirect cost allocation based on employees under the various programs.

Fundraising Expenses - Fundraising expenses of \$287,597 and \$239,149 are included in supporting service costs for the year ended September 30, 2021 and 2020, respectively.

Income Taxes – The Agency is exempt from income taxation under Section 501(c)(3) of the Internal Revenue Code. Accordingly, all exempt function income received by the Agency is not subject to income tax.

As of September 30, 2021, the Agency had no uncertain tax positions that qualify for disclosure in the financial statements. The Agency files an annual Form 990 with the Internal Revenue Service and its tax return for the year ended 2018 and subsequent years remain subject to examination by tax authorities.

*See independent auditor's report.*

## CHILDCARE RESOURCES

### Notes to Financial Statements (continued) For the Year Ended September 30, 2021

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#### Note 1 – Summary of Significant Accounting Policies (continued)

Recent Pronouncements – In February 2016, the FASB issued ASU 2016-02, Leases. The standard's core principle is that a company will reflect virtually all leases on their balance sheet. The FASB retained a dual model that includes financing leases, which are similar to today's capital leases, and operating leases, with expense recognized on a straight-line basis. Under the FASB's dual approach, determining whether a lease is finance or operating will be based on guidance similar to the classification model under current US GAAP. The FASB's standard is effective for non-profit organizations for interim and annual reporting periods beginning after December 15, 2022. Entities are required to adopt the standard using a modified retrospective transition approach, which requires application of the new guidance at the beginning of the earliest comparative period presented in the year of adoption. Early adoption is permitted. We recommend that management review the update's provisions and plan accordingly.

#### Note 2 – Liquidity and Availability of Financial Assets

The Agency manages liquidity by maintaining an operating line of credit of \$100,000 with a bank that is drawn upon as needed during the year to manage cash flow and is then repaid in full by the end of the fiscal year as applicable. See Note 7 for further description of this line.

The following reflects the Agency's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual restrictions within one year of the balance sheet date.

	<u>2021</u>	<u>2020</u>
Financial Assets at Year-End, Consisting of Cash and Receivables:	\$ 748,176	\$ 966,235
Board restricted assets - Money Market Savings Account	(253,296)	(397,550)
Donor restricted assets - Detailed in Note 11	<u>(70,335)</u>	<u>(104,567)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 424,545</u>	<u>\$ 464,118</u>

#### Note 3 – Cash and Cash Equivalents

The Agency maintains accounts at a single financial institution. The accounts at the financial institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At September 30, 2021, the Agency had deposits in excess of FDIC coverage in the amount of \$183,652.

At September 30, 2021 and 2020, the Agency had total cash on hand and deposits with the financial institution totaling \$276,336 and \$441,179, respectively, as follows:

	<u>2021</u>	<u>2020</u>
Checking account	\$ 22,765	\$ 43,354
Money market	253,296	397,550
Petty cash	<u>275</u>	<u>275</u>
Total Cash and Cash Equivalents	<u>\$ 276,336</u>	<u>\$ 441,179</u>

*See independent auditor's report.*

## CHILDCARE RESOURCES

### Notes to Financial Statements (continued) For the Year Ended September 30, 2021

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#### Note 4 – Grants Receivable

Grants receivable consist of the following:

	<u>2021</u>	<u>2020</u>
Department of Health and Human Services	\$ 317,375	\$ 355,482
Department of Human Resources	95,250	94,305
Community Development Block Grant	9,489	2,692
Other	-	2,625
Total	<u>\$ 422,114</u>	<u>\$ 455,104</u>

#### Note 5 – Pledges Receivable

The Agency had unconditional promises to give in the amount of \$49,727 and \$69,952, net of allowance for uncollected pledges, at September 30, 2021 and 2020, respectively. As of September 30, 2021, and 2020, the pledge receivable balances consisted of the following:

	<u>2021</u>	<u>2020</u>
<b>Pledges receivable due:</b>		
Receivable in less than one year	\$ 26,850	\$ 25,350
Receivable in one to five years	24,898	47,483
	<u>51,748</u>	<u>72,833</u>
Allowance for uncollected pledges	(2,021)	(2,881)
Total	<u>\$ 49,727</u>	<u>\$ 69,952</u>

#### Note 6 – Property and Equipment

Depreciation of buildings and equipment is provided on a straight-line basis over the estimated useful lives of the assets. Property and equipment consisted of the following:

	<u>2021</u>	<u>2020</u>
Software	\$ 67,524	\$ 67,524
Vehicles	47,324	47,324
Computer equipment	58,010	53,515
Furniture	30,461	30,461
Office equipment	14,132	14,132
	<u>217,451</u>	<u>212,956</u>
Less: Accumulated depreciation	(199,310)	(185,574)
Property and Equipment, net	<u>\$ 18,141</u>	<u>\$ 27,382</u>

The total amount of depreciation expense was \$13,736 and \$21,521, as of September 30, 2021 and 2020, respectively.

*See independent auditor's report.*

## CHILDCARE RESOURCES

### Notes to Financial Statements (continued) For the Year Ended September 30, 2021

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#### Note 7 - Line of Credit

The Agency has a line of credit held with SouthState Bank. The unsecured line of credit matured at September 10, 2020 and a principle limit of \$100,000 with a variable interest rate that is 0.250% above the Wall Street prime lending rate of 3.25% resulting in an initial rate of 3.50%. As of September 30, 2021, and 2020, the Agency had no outstanding balance on the line of credit.

#### Note 8 – Pension Plan

The Agency sponsors a tax deferred annuity plan covering all regular employees over the age of 21 with one year of service. For the year ended September 30, 2021 and 2020, the Agency contributed 5% of employee salaries into the plan and matched up to 2% of employee contributions. Agency contributions amounted to approximately \$62,810 and \$56,576 for the years ended September 30, 2021 and 2020, respectively.

#### Note 9 – Leases

The Agency leases facilities and equipment under operating leases expiring through 2027. The following is a schedule of future minimum lease obligations at September 30, 2021:

For the year ending September 30:	
2022	\$ 142,488
2023	142,488
2024	142,488
2025	142,488
2026 and thereafter	<u>290,332</u>
Total	<u>\$ 860,284</u>

Lease expense amounted to \$173,539 and \$155,533 for the years ended September 30, 2021 and 2020, respectively.

#### Note 10 – Compensated Absences

Employees of the Agency are entitled to paid vacation, paid sick days, and personal days off, depending on job classification, length of service, and other factors. The Organization's policy is to recognize the costs of compensated absences as they are accrued. The Agency has accrued paid leave in the amount of \$55,403 and \$24,176 at September 30, 2021, and 2020, respectively.

*[Remainder of page intentionally left blank.]*

*See independent auditor's report.*

## CHILDCARE RESOURCES

### Notes to Financial Statements (continued) For the Year Ended September 30, 2021

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#### Note 11 – Net Assets with Donor Restrictions

Net assets with donor restrictions totaled \$104,567 and \$45,162 at September 30, 2021 and 2020, respectively. This amount was restricted for scholarships, training sessions, remaining grant funding for multiple programs, and financial assistance as part of the Supplemental Child Care Program. Total net assets with donor restrictions are comprised of the following:

	<u>2021</u>	<u>2020</u>
Training Programs	\$ 20,000	\$ 27,334
Healthy Kids Healthy Families Program	23,396	18,276
Early Learning Demonstration Classroom (ELDC)	-	15,923
Alabama COVID-19 Relief	-	15,000
Supplemental Child Care Program (SCCP)	12,106	14,833
Resource and Referral Program	10,000	10,000
Talk With Me Baby Program	-	2,610
Infant Toddler Program	4,833	394
Resource Library	-	197
Total Net Assets With Donor Restrictions	<u>\$ 70,335</u>	<u>\$ 104,567</u>

#### Note 12 – Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with general accepted accounting principles. Accordingly, such information should be read in conjunction with the Agency's financial statements for the year ended September 30, 2020, from which the summarized information was derived.

#### Note 13 – Risks and Uncertainties

As of the date of these financial statements, the recent spread of coronavirus has had a significant impact on the local, national, and global economies. The extent to which these events will affect our results of operations and financial position remains uncertain.

#### Note 14 – Subsequent Events

The Agency's management has evaluated subsequent events through **REPORT DATE**, the date the financial statements were available to be issued.



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors  
Childcare Resources

We have audited, in accordance with the 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, the financial statements of Childcare Resources as of and for the year ended September 30, 2021, and have issued our report thereon dated REPORT DATE.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Childcare Resources' internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

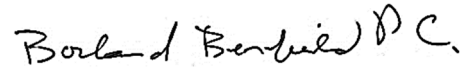
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Childcare Resources' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Borland Benefield, P.C.  
Birmingham, Alabama

**REPORT DATE**

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors  
Childcare Resources

**Report on Compliance for Each Major Program**

We have audited Childcare Resources compliance with types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the Agency's major federal programs for the year ended September 30, 2021. The Agency's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor's responsibility**

Our responsibility is to express an opinion on compliance for each of the Agency's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Agency's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Agency's compliance.

**Opinion on Each Major Federal Program**

In our opinion, Childcare Resources complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2021.


## Report on Internal Control Over Compliance

Management of Childcare Resources is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Childcare Resources' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

  
Borland Benefield, P.C.  
Birmingham, Alabama

**REPORT DATE**

**CHILDCARE RESOURCES**

**Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2021**

<b>Federal Grantor/ Pass-through Grantor Program Title</b>	<b>CFDA Number</b>	<b>Pass-Through Grantor Number</b>	<b>Federal Expenditures</b>
U.S. Department of Health and Human Services			
Child Care and Development Block Grant	93.575		
Passed through AL Department of Human Resources			\$ 487,646
Head Start	93.600		<u>4,617,045</u>
Total U.S. Department of Health and Human Services			<u>5,104,691</u>
Department of Housing and Urban Development			
Community Development Block Grants/Entitlement Grants	14.218		
Passed through the City of Birmingham		PY45	30,480
Passed through Jefferson County			<u>26,775</u>
Total U.S. Department of Housing and Urban Development			<u>57,255</u>
Total			<u>\$ 5,161,946</u>

**Note A – Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal award activity of Childcare Resources under programs of the federal government for the year ended September 30, 2021. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Childcare Resources, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Childcare Resources.

**Note B – Summary of Significant Accounting Policies**

(1) Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(2) Childcare Resources has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**CHILDCARE RESOURCES**

**Schedule of Findings and Questioned Costs  
For the Year Ended September 30, 2021**

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**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued: unmodified

Internal control over financial reporting:  
Material weakness(es) identified?        yes   X   no

Significant deficiency(s) identified that are not considered to be material weaknesses?        yes   X   no

Noncompliance material to financial statements noted?        yes   X   no

**Federal Awards**

Internal control over major programs:  
Material weakness(es) identified?        yes   X   no

Significant deficiency(s) identified that are not considered to be material weaknesses?        yes   X   no

Type of auditor's report issued on compliance for major programs: unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a) of the Uniform Guidance?        yes   X   no

Identification of major programs:  
U.S. Department of Health and Human Services  
CFDA #93.600 - Head Start

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee?   X   yes        no

**Section II - Financial Statement Findings**

None Reported

**Section III - Federal Award Findings and Questioned Costs**

None Reported

**Section IV - Prior Year Findings**

**Findings - Financial Statements Audit**

None Reported

**Findings and Questioned Costs - Major Federal Award Programs Audit**

None Reported