

CAPITAL DISTRICT CHILD CARE COORDINATING COUNCIL, INC.

**Financial Statements as of
December 31, 2013 and 2012
Together with
Independent Auditor's Report**

Bonadio & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

August 8, 2014

To the Board of Directors of
Capital District Child Care Coordinating Council, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of Capital District Child Care Coordinating Council, Inc. (a New York not-for-profit corporation) which comprise the statement of financial position as of December 31, 2013, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

(Continued)

INDEPENDENT AUDITOR'S REPORT

(Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Capital District Child Care Coordinating Council, Inc. as of December 31, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements of Capital District Child Care Coordinating Council, Inc. as of December 31, 2012, were audited by other auditors whose report date September 23, 2013, expressed an unmodified opinion on those statements.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The 2013 information in Schedule I is presented for the purpose of additional analysis and it is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole. The 2012 comparative information presented on this schedule was subjected to the auditing procedures applied in the 2012 audit of the financial statements by other auditors, whose report on such information stated that it was fairly stated in all material respects in relation to the 2012 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 August 8, 2014, on our consideration of Capital District Child Care Coordinating Council, Inc.'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 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 Capital District Child Care Coordinating Council, Inc.'s internal control over financial reporting and compliance.

CAPITAL DISTRICT CHILD CARE COORDINATING COUNCIL, INC.

STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 406,475	\$ 590,153
Accounts and grants receivable	292,492	460,109
Prepaid expenses	<u>29,123</u>	<u>28,094</u>
Total current assets	728,090	1,078,356
PROPERTY AND EQUIPMENT, net	109,286	118,985
OTHER ASSETS:		
Security deposits	<u>5,333</u>	<u>5,333</u>
	<u>\$ 842,709</u>	<u>\$ 1,202,674</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	\$ 18,780	\$ 28,368
Accrued expenses	64,774	118,090
USDA provider claims payable	119,545	221,224
Deferred revenue	<u>56,020</u>	<u>278,141</u>
Total current liabilities	<u>259,119</u>	<u>645,823</u>
NET ASSETS:		
Unrestricted	579,132	547,393
Temporarily restricted	<u>4,458</u>	<u>9,458</u>
Total net assets	<u>583,590</u>	<u>556,851</u>
	<u>\$ 842,709</u>	<u>\$ 1,202,674</u>

The accompanying notes are an integral part of these statements.

CAPITAL DISTRICT CHILD CARE COORDINATING COUNCIL, INC.

STATEMENTS OF ACTIVITIES FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
UNRESTRICTED NET ASSETS		
REVENUE AND SUPPORT:		
Grant income	\$ 4,226,563	\$ 3,906,201
Child care training and education programs	329,888	275,666
Miscellaneous income	14,879	12,975
Corporate programs	13,450	13,450
Membership dues	9,112	8,689
Other child care programs	8,453	5,500
Individual donations	3,313	4,550
Interest income	1,506	614
Special events, net	-	260
Net assets released from restrictions	<u>5,000</u>	<u>23,180</u>
 Total revenue and support	 <u>4,612,164</u>	 <u>4,251,085</u>
EXPENSES:		
Child care food program	1,763,805	1,630,024
Child care resource and referral programs	1,308,606	1,559,006
Infant-toddler program	167,036	26,400
Child care training and education programs	175,797	167,799
Registrar	573,020	568,453
Other child care programs	529,329	369,925
Management and general	<u>62,832</u>	<u>56,323</u>
 Total expenses	 <u>4,580,425</u>	 <u>4,377,930</u>
 INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	 <u>31,739</u>	 <u>(126,845)</u>
TEMPORARILY RESTRICTED NET ASSETS		
Contributions	-	5,990
Net assets released from restrictions	<u>(5,000)</u>	<u>(23,180)</u>
 DECREASE IN TEMPORARILY RESTRICTED NET ASSETS	 <u>(5,000)</u>	 <u>(17,190)</u>
 CHANGE IN NET ASSETS	 <u>26,739</u>	 <u>(144,035)</u>
 NET ASSETS - beginning of year	 <u>556,851</u>	 <u>700,886</u>
 NET ASSETS - end of year	 <u>\$ 583,590</u>	 <u>\$ 556,851</u>

The accompanying notes are an integral part of these statements.

CAPITAL DISTRICT CHILD CARE COORDINATING COUNCIL, INC.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 26,739	\$ (144,035)
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Depreciation	32,064	26,197
Changes in:		
Accounts and grants receivable	167,617	223,278
Prepaid expenses	(1,029)	7,658
Accounts payable	(9,588)	11,834
Accrued expenses	(53,316)	2,832
USDA provider claims payable	(101,679)	7,077
Deferred revenue	<u>(222,121)</u>	<u>(18,192)</u>
Net cash flow from operating activities	<u>(161,313)</u>	<u>116,649</u>
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	<u>(22,365)</u>	<u>(23,733)</u>
Net cash flow from investing activities	<u>(22,365)</u>	<u>(23,733)</u>
CHANGE IN CASH AND CASH EQUIVALENTS	(183,678)	92,916
CASH AND CASH EQUIVALENTS - beginning of year	<u>590,153</u>	<u>497,237</u>
CASH AND CASH EQUIVALENTS - end of year	<u>\$ 406,475</u>	<u>\$ 590,153</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the year for interest	<u>\$ 78</u>	<u>\$ 1,556</u>

The accompanying notes are an integral part of these statements.

CAPITAL DISTRICT CHILD CARE COORDINATING COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2013 AND 2012

1. THE ORGANIZATION

Capital District Child Care Coordinating Council, Inc. (Organization) is a not-for-profit corporation organized to function as a resource and referral agency dedicated to promoting quality, accessible child care for all of the Capital Region's diverse communities. The Organization assumes a leadership role in supporting children, parents, providers and employers through referral counseling, education, training, and advocacy.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Use of Estimates

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

Cash and Cash Equivalents

Cash and cash equivalents includes bank demand deposit accounts and short-term investments with an original maturity of three months or less. The Organization's cash balances may at times exceed federally insured limits. The Organization has not experienced any losses in these accounts and believes it is not exposed to any significant risk with respect to cash and cash equivalents.

Accounts Receivable

Accounts receivable primarily include uncollateralized obligations from government grants and contracts under customary credit terms. Accounts receivable are generally billed monthly or quarterly and payment is generally due in 30-60 days.

Accounts for which no payments have been received for several months are considered delinquent and customary collection efforts are begun. After all collection efforts are exhausted, the account is written off. The Organization records an allowance for bad debts in anticipation of future write-offs. Based upon historical performance and a review of outstanding receivables, management has determined that an allowance for bad debts is not necessary as of December 31, 2013 and 2012.

Property and Equipment

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Revenue

Deferred revenue represents contract advances received under restricted grant agreements which pertain to programs or activities to be performed in the following year.

Financial Reporting

The Organization reports its activities and the related net assets using three net asset categories: unrestricted, temporarily restricted and permanently restricted.

Unrestricted net assets include resources which are available for the support of the Organization's operating activities. This category may also include resources designated by the Board for specific purposes.

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

As of December 31, 2013 and 2012, management has determined that there are no permanently restricted net assets.

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Income Taxes

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

For tax-exempt entities, their tax-exempt status itself is deemed to be an uncertainty, since events could potentially occur to jeopardize their tax-exempt status. As of December 31, 2013 and 2012, the Organization does not have a liability for unrecognized tax benefits. The Organization files informational returns in the U.S. federal jurisdiction and New York State. The Organization is no longer subject to U.S. federal and state income tax examinations by tax authorities for years before 2010.

Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated amongst the programs and supporting services benefited based upon an analysis of direct costs, personnel time and space utilized for the related activities.

Reclassifications

Certain reclassifications have been made to the prior year information to conform to the current year presentation.

3. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	<u>2013</u>	<u>2012</u>
Leasehold improvements	\$ 163,776	\$ 168,338
Office equipment, computers and furniture	<u>172,784</u>	<u>208,186</u>
	336,560	376,524
Less: Accumulated depreciation	<u>(227,274)</u>	<u>(257,539)</u>
Property and equipment, net	<u>\$ 109,286</u>	<u>\$ 118,985</u>

Depreciation expense was \$32,064 and \$26,197 for the years ended December 31, 2013 and 2012, respectively.

4. LINE-OF-CREDIT

The Organization has a \$250,000 line-of-credit with a local bank, which currently bears interest at prime plus 0.25% (3.50% at December 31, 2013). This debt is secured by all business assets. As of December 31, 2013 and 2012, there were no outstanding balances on the line-of-credit.

5. PENSION PLAN

Effective January 1, 2002, the Organization adopted a Simplified Employee Pension Plan (SEP) which covers all employees that meet certain eligibility requirements. Contributions are discretionary and the rate of contribution is determined by the Board of Directors. The amount of pension cost was \$16,051 and \$18,268 for the years ended December 31, 2013 and 2012, respectively.

6. OPERATING LEASES

The Organization entered into a lease agreement for administrative office space, with a monthly rent of \$12,717, beginning October 1, 2010 and expiring in 2020. In addition, the Organization leases office equipment. The leases expire at various dates through October 2016. The lease payments range from \$251 to \$475 monthly. Rent expense was \$161,996 and \$162,359 for 2013 and 2012, respectively.

The future minimum lease payments for all leases with terms in excess of one year are as follows:

<u>Year Ending December 31:</u>	
2014	\$ 160,895
2015	156,404
2016	155,612
2017	152,851
2018	152,600
Thereafter	<u>267,050</u>
	<u>\$ 1,045,412</u>

7. COMMITMENTS AND CONTINGENCIES

The Organization receives funding for various programs that are subject to review and audit by federal and state agencies. Such audits could result in a request for reimbursement by the federal or state agencies for expenditures disallowed under the terms and conditions of the appropriate agency. In the opinion of the management, such disallowances, if any, will not be significant to the Organization's financial statements. In the event that a subsequent audit or evaluation determines that an adjustment is required, the amount will be recognized in the period in which it becomes fixed and determinable.

8. SUBSEQUENT EVENTS

Subsequent events have been evaluated through August 8, 2014, which is 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

August 8, 2014

To the Board of Directors of
Capital District Child Care Coordinating Council, Inc.:

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 Capital District Child Care Coordinating Council, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2013, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 8, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Capital District Child Care Coordinating Council, Inc.'s internal control over financial reporting (internal control) to determine the audit 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 Capital District Child Care Coordinating Council, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Capital District Child Care Coordinating Council, Inc.'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 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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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**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***
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Capital District Child Care Coordinating Council, Inc.'s financial statements are free from 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 determination of financial statement amounts. 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CAPITAL DISTRICT CHILD CARE COORDINATING COUNCIL, INC.

SCHEDULE I

SCHEDULE OF FUNCTIONAL EXPENSES
 FOR THE YEAR ENDED DECEMBER 31, 2013
 (With Comparative Totals for 2012)

	2013							2012	
	Child Care Food Program	Child Care Resource and Referral Programs	Infant-Toddler Program	Child Care Training and Education Programs	Registrar	Other Child Care Programs	Management and General	Total	Total
EXPENSES:									
Salaries	\$ 193,869	\$ 910,729	\$ 101,453	\$ 67,288	\$ 408,265	\$ 291,964	\$ 20,722	\$ 1,994,290	\$ 2,009,282
Payroll taxes	14,237	67,589	7,493	4,977	30,154	21,696	1,576	147,722	148,771
Employee benefits	9,610	46,509	5,164	3,403	20,492	14,325	1,442	100,945	109,892
Child care food program provider reimbursements	1,476,796	-	-	-	-	-	-	1,476,796	1,363,051
Program/contract expenses	-	4,223	20,484	19,637	-	117,609	-	161,953	82,638
Rent	14,847	70,153	7,854	5,247	31,373	21,501	1,625	152,600	153,825
Travel	8,520	24,876	4,710	7,704	14,234	11,170	-	71,214	68,474
Training	981	232	-	54,405	-	1,115	3,826	60,559	59,574
Office expenses	5,103	22,818	2,507	1,640	10,007	9,509	4,230	55,814	62,476
Insurance	5,022	23,830	2,396	1,855	10,813	7,482	519	51,917	33,080
Professional fees	4,308	19,374	1,944	1,439	10,488	5,381	2,766	45,700	46,336
Repairs and maintenance	3,977	18,792	2,126	1,490	8,459	5,619	520	40,983	37,225
Conferences	1,762	26,089	2,246	343	2,152	1,201	1,475	35,268	29,615
Depreciation	3,100	14,473	1,483	1,405	6,781	4,493	329	32,064	26,197
Printing	13,654	8,007	860	554	3,525	2,908	207	29,715	37,235
Postage/shipping	2,549	13,957	1,352	880	5,337	3,730	274	28,079	33,549
Miscellaneous expense	-	-	-	-	-	-	22,436	22,436	7,783
Utilities	1,973	9,150	1,019	652	4,137	2,820	213	19,964	19,509
Advertising	1,432	9,158	912	2,207	2,685	1,995	145	18,534	12,954
Telephone and internet	816	6,290	409	271	1,684	3,111	90	12,671	13,422
Dues and subscriptions	332	8,035	2,133	83	507	364	273	11,727	12,952
Equipment rental	917	4,322	491	317	1,927	1,336	86	9,396	8,534
Interest	-	-	-	-	-	-	78	78	1,556
Total expenses	\$ 1,763,805	\$ 1,308,606	\$ 167,036	\$ 175,797	\$ 573,020	\$ 529,329	\$ 62,832	\$ 4,580,425	\$ 4,377,930

The accompanying notes are an integral part of these schedules.