

1ST Chance For Children
Financial Statements
June 30, 2018 and 2017

Prepared by:
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
First Chance for Children
Columbia, MO

I have audited the accompanying financial statements of First Chance for Children (a nonprofit organization), which comprise the statements of financial position as of June 30, 2018, and the related statements of activities and cash flows for the years 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 misstatements, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of First Chance for Children, as of June 30, 2018, 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.

Other Matter

The financial statements of June 30, 2017 were audited by K Coe Isom, LLP. The report date of the prior report was July 18, 2018. The prior auditor's opinion was unqualified.

Columbia, MO
September 11, 2018



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First Chance for Children
Statements of Financial Position
June 30, 2018 and June 30, 2017

Assets			
Current Assets	2018	2017	
Cash	\$ 86,923	\$ 137,511	
Accounts Receivable	45,525	81,981	
Investments	9,674	9,684	
Total Current Assets	<u>142,122</u>	<u>229,176</u>	
Other Assets			
Security Deposit	<u>1,800</u>	<u>1,800</u>	
Fixed Assets			
Furniture & Equipment	19,797	20,996	
Accumulated Depreciation	(12,851)	(10,011)	
Net Fixed Assets	<u>6,946</u>	<u>10,985</u>	
Total Assets	<u>\$ 150,868</u>	<u>\$ 241,961</u>	
Liabilities and Net Assets			
Current Liabilities			
Accounts Payable	\$ 5,500	\$ 13,041	
Credit Card Payable	2,409	6,951	
Accrued Payroll Tax	40	1,355	
Accrued Vacation Expense	14,349	14,646	
Total Current Liabilities	<u>22,298</u>	<u>35,993</u>	
Net Assets			
Unrestricted Net Assets: Designated Reserves	-	17,743	
Unrestricted Net Assets: Undesignated	<u>128,570</u>	<u>188,225</u>	
Total Net Assets	<u>128,570</u>	<u>205,968</u>	
Total Liabilities and Net Assets	<u>\$ 150,868</u>	<u>\$ 241,961</u>	

The Accompanying Notes are an Integral Part of these Financial Statements.

First Chance for Children
Statements of Activities
For the Years Ended June 30, 2018 and June 30, 2017

Support and Revenue	2018	2017
Grants - Federal, State, & Local	\$ 463,049	\$ 744,405
Donations	49,603	19,139
Interest Income	192	189
Miscellaneous	946	3,095
Total Support and Revenue	<u>513,790</u>	<u>766,828</u>
Expense		
Program Services	548,531	728,406
Management & General	42,657	19,002
Total Expense	<u>591,188</u>	<u>747,408</u>
Change in Net Assets	<u>\$ (77,398)</u>	<u>\$ 19,420</u>
Net Assets, Beginning of Year	<u>205,968</u>	<u>186,548</u>
Net Assets, End of Year	<u><u>\$ 128,570</u></u>	<u><u>\$ 205,968</u></u>

The Accompanying Notes are an Integral Part of these Financial Statements.

First Chance for Children
Statements of Functional Expenses
For the Years Ended June 30, 2018

	Program Service						
	Home Visitation	Nurturing Parenting	Supportive Family Service	CFS	Total Program Service	Management & General	Total
Salaries, Payroll Taxes & Benefits	\$ 72,374	\$ 102,024	\$ 25,865	\$ 182,468	\$ 382,731	\$ 10,269	\$ 393,000
Administrative Fee	355	4,911	469	4,072	9,807	6,487	16,294
Contractual Costs	21,741	4,790	-	15,597	42,128	8,203	50,331
Depreciation	-	-	-	-	-	4,039	4,039
Fundraising	-	-	-	-	-	6,744	6,744
Grants & Incentives	8,646	15,516	17,359	16,094	57,615	2,601	60,216
Miscellaneous	-	-	-	-	-	202	202
Rent	4,588	12,264	-	11,864	28,716	2,028	30,744
Supplies	570	2,049	862	2,697	6,178	1,256	7,434
Telephone	113	1,008	-	1,630	2,751	-	2,751
Training	198	2,750	-	2,804	5,752	94	5,846
Travel	3,061	2,750	692	6,350	12,853	734	13,587
Total Expense	\$ 111,646	\$ 148,062	\$ 45,247	\$ 243,576	\$ 548,531	\$ 42,657	\$ 591,188

The Accompanying Notes are an Integral Part of these Financial Statements.

First Chance for Children
Statements of Functional Expenses
For the Years Ended June 30, 2017

	Program Service						
	Home Visitation Boone County	Home Visitation	Children's Services	CRIBS	Total Program Service	Management & General	Total
Salaries & Payroll							
Taxes & Benefits	\$ 99,136	\$ 195,742	\$ 82,059	\$ 7,496	\$ 384,433	\$ 8,136	\$ 392,569
Administrative Fee	4,682	11,447	1,528	-	17,657	5,847	23,504
Contractual Costs	7,019	164,473	16,571	-	188,063	-	188,063
Depreciation	-	-	-	-	-	4,287	4,287
Grants & Incentives	15,559	21,721	23,299	3,250	63,829	-	63,829
Miscellaneous	-	-	-	-	-	250	250
Rent	12,022	13,486	2,232	-	27,740	-	27,740
Supplies	2,043	5,702	1,496	-	9,241	-	9,241
Telephone	2,049	583	363	-	2,995	-	2,995
Training	2,875	3,196	11,562	-	17,633	20	17,653
Travel	2,780	10,647	3,388	-	16,815	462	17,277
Total Expense	\$ 148,165	\$ 426,997	\$ 142,498	\$ 10,746	\$ 728,406	\$ 19,002	\$ 747,408

The Accompanying Notes are an Integral Part of these Financial Statements.

First Chance for Children
Statements of Cash Flows
For the Years Ended June 30, 2018 and June 30, 2017

	2018	2017
Cash Flow from Operating Activities		
Net Income	\$ (77,398)	\$ 19,420
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	4,039	4,287
Unrealized Gain	-	(150)
Decrease (Increase) Accounts Receivable	36,456	(3,099)
Increase (Decrease) in Accounts Payable	(7,541)	(4,048)
Increase (Decrease) in Credit Card Payable	(4,542)	4,338
Increase (Decrease) In Accrued Payroll Taxes	(1,315)	(353)
Increase (Decrease) in Accrued Vacation	(297)	(257)
Net Adjustments	26,800	718
Net Cash Provided (Used) by Operating Activities	\$ (50,598)	\$ 20,138
Cash Flows From Investing Activities		
Purchase of Fixed Assets	-	(2,846)
Portfolio Reinvestments & Purchases	(10)	101
Net Cash Provided (Used) by Investing Activities	(10)	(2,745)
Net Increase (Decrease) in Cash	(50,588)	17,393
Cash, Beginning of Year	137,511	120,118
Cash, End of Year	\$ 86,923	\$ 137,511
Supplementary Cash Flow Information		
Cash Paid During the Year for:		
Interest	\$ -	\$ -
Income Taxes	\$ -	\$ -

The Accompanying Notes are an Integral Part of the Interest Tax Disclosure

First Chance for Children
Notes to Financial Statements
June 30, 2018 and 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Purpose of the Organization

First Chance for Children (the "Organization") is a not-for-profit corporation which was organized to promote early childcare in the home, early childhood programs, and parent education. These programs are supported by a grant from the Department of Social Services as well as funds from Boone County Children's Service Fund and other various organizations. Improving a child's readiness for school is one of the primary goals of First Chance for Children.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America. Accordingly, revenue and assets are recognized when earned, and expenses and liabilities are recognized when incurred. The Organization follows accounting and reporting standards applicable to nonprofit organizations. For financial reporting purposes, activities are classified as unrestricted, temporary restricted, or permanently restricted bases on the existence or absence of donor-imposed restrictions, as follows:

Unrestricted: Net assets are not subject to donor-imposed restrictions. Revenues are reported as unrestricted net assets, unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets.

Temporarily Restricted: Net Assets subject to donor-imposed restrictions that may or will be met by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction.

Permanently Restricted: Net assets subject to donor-imposed restrictions which require that they be maintained permanently by the Organization. There are no permanently restricted net assets.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents consist of cash on hand and cash held in checking and money market accounts. The Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. All deposit accounts are insured by the FDIC insurance and management believes that the Organization is not exposed to significant credit risk.

Income Taxes

First Chance for Children qualifies as a tax exempt corporation under Section 501(c)(3) of the U.S. Internal Revenue Code and is not a private foundation pursuant to section 509(a) of the code.

First Chance for Children
Notes to Financial Statements
June 30, 2018 and 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

The Organization's Forms 990. Return of Organization Exempt from Income Tax, for the years ended 2015, 2016 and 2017 are subject to examination by the IRS, generally for three years after they were filed.

Contributions

All contributions are considered to be available for the general program of the Organization unless specifically restricted by the donor. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Contributions that are restricted by the donors are reported as an increase in unrestricted net assets if the restriction expire in the fiscal year in which the contributions are received.

Contributed Goods and Services

The Organization reports amounts in the financial statements for voluntary donations of good and services when those good and services create or enhance non-financial assets or require specialized skill provided by individuals possessing those skills. These goods and services would be typically purchased if not provided by donation and the amounts involved can be objectively measured.

Use of Estimates

Preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of management's estimates. The nature of those estimates, however, is such as variances in actual results are generally immaterial.

Functional Expenses

The cost of providing the program and activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the program and supporting services benefited.

Property & Equipment

Property and equipment are recorded at cost. The Organization's policy is to capitalize expenditures for furniture and equipment with costs in excess of \$2,000. Lesser amounts are expensed. Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis. Furniture and equipment are depreciated over three to seven years. Depreciation expense for the fiscal year ending June 30, 2018 and June 30, 2017 and totaling \$4,039 and \$4,287 respectively.

First Chance for Children
Notes to Financial Statements
June 30, 2018 and 2017

NOTE 2: CASH

Cash consists of the following at June 30:

	2018	2017
Checking Accounts	\$ 86,923	\$ 114,340
Money Market Accounts	-	23,171
Total	<u>\$ 86,923</u>	<u>\$ 137,511</u>

NOTE 3: INVESTMENTS

The Organization held \$9,674 and \$9,684 in various investments at June 30, 2018 and 2017, respectively. The Organization carries its investments at fair value. Investments consist of funds administered by the Community Foundation of Central Missouri. Investments are combined with other funds administered by the Community Foundation of Central Missouri and are not covered by Securities Investor Protection Corporation or other insurance.

Investments consist of the following categories at June 30, 2018:

	2018	%
Money Market Pool	\$ 2,402	24.83%
Equity Pool	1,954	20.20%
Fixed Income Pool	5,318	54.97%
Total Investments	<u>\$ 9,674</u>	<u>100.00%</u>

Investments consist of the following categories at June 30, 2017:

	2017	%
Money Market Pool	\$ 2,405	24.83%
Equity Pool	1,956	20.20%
Fixed Income Pool	5,323	54.97%
Total Investments	<u>\$ 9,684</u>	<u>100.00%</u>

NOTE 4: GRANTS & ACCOUNTS RECEIVABLE

Grants and accounts receivable total \$45,525 and \$81,981 at June 30, 2018 and June 30, 2017. The amounts are considered fully collectible. Accounts Receivable is the amount owed to First

First Chance for Children
Notes to Financial Statements
June 30, 2018 and 2017

NOTE 4: GRANTS & ACCOUNTS RECEIVABLE, continued

Chance for Children by their clients. Management closely monitors grant balances and makes recommendations to the financial board.

NOTE 5: EQUIPMENT AND ACCUMULATED DEPRECIATION

Equipment is recorded at cost if purchased or at fair value if donated. The Organization capitalizes equipment over \$2,000. Depreciation is calculated using the straight-line method over a period of 5-7 years.

	2018	2017
Furniture & Equipment	\$ 19,797	\$ 20,996
Less: Accumulation Depreciation	(12,851)	(10,011)
Total Fixed Assets, Net	<u>\$ 6,946</u>	<u>\$ 10,985</u>

NOTE 6: DEFERRED COMPENSATION

The Organization has a SIMPLE IRA retirement plan under section 408(p) of the Internal Revenue Code. The Organization contributes to the plan for participating eligible employees on a monthly basis. Total employer's contribution for the years ended June 30, 2018 and 2017 \$9,515 and \$9,883, respectively.

NOTE 7: HEALTH SAVINGS ACCOUNT

The Organization has a Health Savings Account plan under section 233 of the Internal Revenue Code. Total employer's contributions for the years ended June 30, 2018 and 2017 were \$3,212 and \$2,817, respectively.

NOTE 8: ACCRUED VACATION

The Organization records the value of earned time off as liability at the end of the year. The total value of such pay is \$14,349 and \$14,646 at June 30, 2018 and 2017, respectively.

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Notes to Financial Statements
June 30, 2018 and 2017

NOTE 9: FAIR VALUE OF FINANCIAL INSTRUMENTS

The following are the major categories of assets measured at fair values on a recurring basis as of June 30, 2018.

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Input (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Marketable Securities				
Money Market Pool	\$ 2,402	\$ -	\$ -	\$ 2,402
Equity Pool	1,954	-	-	1,954
Fixed Income Pool	5,318	-	-	5,318
Total Marketable Securities	\$ 9,674	\$ -	\$ -	\$ 9,674

The following are the major categories of assets measure at fair values on a recurring basis as of June 30, 2017.

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Input (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Marketable Securities				
Money Market Pool	\$ 2,405	\$ -	\$ -	\$ 2,405
Equity Pool	1,956	-	-	1,956
Fixed Income Pool	5,323	-	-	5,323
Total Marketable Securities	\$ 9,684	\$ -	\$ -	\$ 9,684

Fair Value of Financial Instruments

Due to their short-term nature, the carrying value of cash, short term receivables, other assets, accounts payable, and other liabilities approximately their fair value at June 30, 2018 and 2017.

NOTE 10: CONCENTRATION OF REVENUE

First Chance for Children received approximately 77% of its annual revenue from the State of Missouri during the years ended June 30, 2018 and 2017. The grants from the State of Missouri are awarded annually.

First Chance for Children
Notes to Financial Statements
June 30, 2018 and 2017

NOTE 11: LEASES

The Organization leases office space in Columbia, Missouri. The Organization entered into a lease agreement for the period October 1, 2012 through September 30, 2014, which has been extended to September 30, 2016, and extended again to September 30, 2018. The Organization's lease expense totaled \$23,760 and \$22,500 for the years ended June 30, 2018 and 2017, respectively. The monthly lease payment is \$1,800 through September 2016, \$1,900 through September 2017 and \$1,980 through September 2018.

Future Annual Lease commitments are as follows:

	2019	<u>\$29,760</u>
Total Lease Payments		<u>\$29,760</u>

NOTE 12: RISK MANAGEMENT

Significant losses are covered by commercial insurance for all major programs, property, general liability, and workers' compensation. During the year ended June 30, 2018 there were no significant reductions in insurance coverage. Also, there have been no settlement amounts that have exceeded insurance coverage.

The Organization is insured under a retrospectively-rated policy for workers' compensation coverage. Whereas, the initial premium may be adjusted based on actual experience. Adjustments in premiums are recorded when paid or received. During the year ended June 30, 2018, there were no significant adjustments in premiums based on actual experience.

NOTE 13: SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 11, 2018, the date on which the financial statement were available to be issued.