

1ST Chance for Children
Financial Statements
June 30, 2019 and 2018

Prepared by:
Lisa C. Wright, CPA, LLC
Certified Public Accountant
Columbia, MO

Table of Contents

<u>Description</u>	<u>Page Number</u>
Auditor's Opinion.....	1
Statements of Financial Position.....	2
Statements of Activities.....	3-5
Statements of Cash Flows.....	6
Notes to Financial Statements.....	7-13



Lisa C. Wright, CPA, LLC
Certified Public Accountant & Consultant

INDEPENDENT AUDITOR'S REPORT

2001 Corona Rd Ste. 309
Columbia, MO 65203

Ph./Fax (573) 474-4961
lcw@lisacwrightcpa.com

Member of the American
Society of Certified Public
Accountants

Member of the Missouri
Society of Certified Public
Accountants

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, 2019 and 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, 2019 and 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.

Lisa C. Wright, CPA, LLC

Columbia, MO
September 25, 2019



The CPA. Never Underestimate The Value.®

First Chance for Children
Statements of Financial Position
June 30, 2019 and June 30, 2018

Assets			
Current Assets	2019	2018	
Cash	\$ 35,865	\$ 86,923	
Accounts Receivable	77,695	45,525	
Investments	10,025	9,674	
Total Current Assets	<u>123,585</u>	<u>142,122</u>	
Other Assets			
Investments - Long Term	20,284	-	
Security Deposit	1,800	1,800	
Total Other Assets	<u>22,084</u>	<u>1,800</u>	
Fixed Assets			
Furniture & Equipment	19,797	19,797	
Accumulated Depreciation	(17,643)	(12,851)	
Net Fixed Assets	<u>2,154</u>	<u>6,946</u>	
Total Assets	<u>\$ 147,823</u>	<u>\$ 150,868</u>	
Liabilities and Net Assets			
Current Liabilities			
Accounts Payable	\$ 2,690	\$ 5,500	
Credit Card Payable	1,999	2,409	
Accrued Payroll Tax	-	40	
Accrued Vacation Expense	15,078	14,349	
Total Current Liabilities	<u>19,767</u>	<u>22,298</u>	
Net Assets			
Unrestricted Net Assets: Designated Reserves	-	-	
Unrestricted Net Assets: Undesignated	128,056	128,570	
Total Net Assets	<u>128,056</u>	<u>128,570</u>	
Total Liabilities and Net Assets	<u>\$ 147,823</u>	<u>\$ 150,868</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, 2019 and June 30, 2018

Support and Revenue	2019	2018
Grants - Federal, State, & Local	\$ 445,588	\$ 463,049
Donations	71,033	49,603
Investment Income	884	245
Miscellaneous	1,597	946
Total Support and Revenue	<u>519,102</u>	<u>513,843</u>
Expense		
Program Services	485,913	548,531
Management & General	33,351	42,657
Total Expense	<u>519,264</u>	<u>591,188</u>
Net Income from Operations	(162)	(77,345)
Net Assets, Beginning of Year	<u>128,570</u>	<u>205,968</u>
Net Asset Adjustment for Investment Recognition	(353)	(53)
Net Assets, End of Year	<u>\$ 128,056</u>	<u>\$ 128,570</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, 2019

	Program Service							
	PPP	Nurturing Parenting	L&L	CRIBS	CSF	Total Program Service	Management & General	Total
Salaries and Payroll	\$ 5,675	\$ 97,057	\$ 49,055	\$ 54,596	\$ 144,028	\$ 350,411	\$ 10,063	\$ 360,474
Administrative Fee	-	4,682	2,268	2,353	5,456	14,759	3,378	18,137
Contractual Costs	-	-	-	1,040	6,027	7,067	-	7,067
Depreciation	-	-	-	-	-	-	3,959	3,959
Grants & Incentives	43	17,498	7,320	14,750	10,309	49,920	-	49,920
Fundraising	-	-	-	-	-	-	12,408	12,408
Rent	-	12,867	11,950	1,713	5,508	32,038	1,716	33,754
Supplies	-	2,068	793	10	1,675	4,546	655	5,201
Equipment and Database	-	2,065	2,123	2,186	2,002	8,376	103	8,479
Training	-	6,424	219	757	2,436	9,836	627	10,463
Travel	16	1,594	1,894	1,018	4,438	8,960	442	9,402
Total Expense	\$ 5,734	\$ 144,255	\$ 75,622	\$ 78,423	\$ 181,879	\$ 485,913	\$ 33,351	\$ 519,264

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	CSF	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 Cash Flows
For the Years Ended June 30, 2019 and June 30, 2018

	2019	2018
Cash Flow from Operating Activities		
Net Income	\$ (162)	\$ (77,345)
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	4,792	4,039
Unrealized Gain	(353)	(53)
Decrease (Increase) Accounts Receivable	(32,170)	36,456
Increase (Decrease) in Accounts Payable	(2,810)	(7,541)
Increase (Decrease) in Credit Card Payable	(410)	(4,542)
Increase (Decrease) In Accrued Payroll Taxes	(40)	(1,315)
Increase (Decrease) in Accrued Vacation	729	(297)
Net Adjustments	(30,262)	26,747
Net Cash Provided (Used) by Operating Activities	\$ (30,424)	\$ (50,598)
Cash Flows From Investing Activities		
Purchase of Fixed Assets	-	-
Purchase of Certificates of Deposit	(20,284)	-
Portfolio Reinvestments & Purchases	(351)	(10)
Net Cash Provided (Used) by Investing Activities	(20,635)	(10)
Net Increase (Decrease) in Cash	(51,059)	(50,588)
Cash, Beginning of Year	86,923	137,511
Cash, End of Year	<u>\$ 35,865</u>	<u>\$ 86,923</u>
Supplementary Cash Flow Information		
Cash Paid During the Year for:		
Interest	<u>\$ -</u>	<u>\$ -</u>
Income Taxes	<u>\$ -</u>	<u>\$ -</u>

The Accompanying Notes are an Integral Part of these Financial Statements

First Chance for Children
Notes to Financial Statements
June 30, 2019 and 2018

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.

Basis of Presentation

The Organization prepares financial statements in accordance with the Financial Accounting Standards Board (FASB) standards for not-for-profit organizations (ASU 958-205 and subsections). Under these standards the Organization is required to report information regarding its financial position and activities according to two classes of net assets: Net Assets without Donor Restrictions and Net Assets with Donor Restrictions.

Net Assets without Donor Restrictions

Net Assets without Donor Restrictions are not subject to donor-imposed stipulations. Revenues are reported as net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in the appropriate net asset classification. Board-designated funds are classified as net assets without donor restrictions.

Net Assets with Donor Restrictions

Net Assets with Donor Restrictions are subject to donor-imposed stipulations. Generally, the donors of these assets permit an organization to use all or part of the income earned on related investments for general or specific purposes.

Grants and other contributions of cash and other assets are reported as with restriction 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 stipulation time restriction ends or purpose restriction is accomplished, net assets with restrictions are reclassified to net assets without restrictions and reported in the statement of activities as net assets released from restrictions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as without-restriction contributions.

First Chance for Children
Notes to Financial Statements
June 30, 2019 and 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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.

The Organization's Forms 990 Return of Organization Exempt from Income Tax, for the years ended 2017, 2018 and 2019 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 expires 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.

First Chance for Children

Notes to Financial Statements

June 30, 2019 and 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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, 2019 and June 30, 2018 and totaling \$3,959 and \$4,039 respectively.

NOTE 2: CASH

Cash consists of the following at June 30:

	2019	2018
Checking Accounts	\$ 35,865	\$ 86,923
Total	<u>\$ 35,865</u>	<u>\$ 86,923</u>

NOTE 3: INVESTMENTS

During 2019, the Organization purchased two Certificates of Deposit. The Organization adjusts its long-term investments to fair market value. The adjustments to fair market value are recorded in the activity statements as unrealized gains or losses. The fair market values of investments are obtained from published financial information or quotes obtained from local investment brokers.

	June 30, 2019		June 30, 2018			
	Amortized Cost	Market Value	Amortized Cost	Market Value	Carrying Cost	Carrying Cost
Unrestricted Investments: Certificates of Deposit	\$ 10,169	\$ 10,169	\$ 10,169	\$ -	\$ -	\$ -
Over One Year	\$ 10,115	\$ 10,115	\$ 10,115	\$ -	\$ -	\$ -
Total Unrestricted Investments	\$ 20,284	\$ 20,284	\$ 20,284	\$ -	\$ -	\$ -

First Chance for Children

Notes to Financial Statements

June 30, 2019 and 2018

NOTE 3: INVESTMENTS, continued

The Organization held \$10,025 and \$9,674 in various investments at June 30, 2019 and 2018, 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, 2019:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Input (Level 2)	Significant Unobservable Inputs (Level 3)	%
Money Market Pool	\$ 1,444	\$ -	\$ -	14.40%
Equity Pool	4,150	-	-	41.40%
Fixed Income Pool	4,431	-	-	44.20%
Total Investments	\$ 10,025	\$ -	\$ -	100.00%

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

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Input (Level 2)	Significant Unobservable Inputs (Level 3)	%
Money Market Pool	\$ 2,402	\$ -	\$ -	24.83%
Equity Pool	1,954	-	-	20.20%
Fixed Income Pool	5,318	-	-	54.97%
Total Investments	\$ 9,674	\$ -	\$ -	100.00%

NOTE 4: GRANTS & ACCOUNTS RECEIVABLE

Grants and accounts receivable total \$77,695 and \$45,525 at June 30, 2019, and June 30, 2018. The amounts are considered fully collectible. Accounts Receivable is the amount owed to First Chance for Children by their clients. Management closely monitors grant balances and makes recommendations to the financial board.

First Chance for Children
Notes to Financial Statements
June 30, 2019 and 2018

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.

	2019	2018
Furniture & Equipment	\$ 19,797	\$ 19,797
Less: Accumulated Depreciation	(17,643)	(12,851)
Total Fixed Assets, Net	\$ 2,154	\$ 6,946

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, 2019 and 2018 were \$8,805 and \$9,515, 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, 2019 and 2018 were \$3,509 and \$3,212, 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 \$15,078 and \$14,349 at June 30, 2019 and 2018, respectively.

NOTE 9: CONCENTRATION OF REVENUE

First Chance for Children received approximately 29% and 43% of its annual revenue from the State of Missouri during the years ended June 30, 2019 and 2018, respectively. First Chance for Children received approximately 42% and 36% of its annual revenue from Boone County, Missouri during the years ended June 30, 2019 and 2018, respectively. The grants from the State of Missouri and Boone County are awarded annually.

First Chance for Children

Notes to Financial Statements

June 30, 2019 and 2018

NOTE 10: 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, 2019. The Organization's lease expense totaled \$23,760 and \$23,760 for the years ended June 30, 2019 and 2018, respectively. The monthly lease payment is \$1,800 through September 2016, \$1,900 through September 2017 and \$1,980 through September 2019 and 2018.

In March of 2017, First Chance for Children entered into a lease with the County of Boone in the City of Centralia that commenced on the date of execution and will run month to month thereafter. The Organization's lease expense totaled \$3,000 for the years ended June 30, 2019 and 2018. The monthly lease payment is \$250.

Future Annual Lease commitments are as follows:

	2020	\$26,760
Total Lease Payments		<u>\$26,760</u>

NOTE 11: 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, 2019, 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. 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, 2019, there were no significant adjustments in premiums based on actual experience.

NOTE 12: SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 25, 2019, the date on which the financial statement were available to be issued.

**First Chance for Children
Communication to Those Charged with Governance
June 30, 2019**

**Lisa C. Wright, CPA, LLC
2001 Corona Road, Suite 309
Columbia, MO 65203**



Lisa C. Wright, CPA, LLC
Certified Public Accountant & Consultant

September 25, 2019

2001 Corona Rd Ste 309
Columbia, MO 65203

Ph./Fax (573) 474-4961
lcw@lisacwrightcpa.com

Member of the American
Society of Certified Public
Accountants

Member of the Missouri
Society of Certified Public
Accountant

To the Board of Directors of
First Chance for Children
Columbia, MO 65201

I have audited the financial statements of First Chance for Children for the year ended June 30, 2019 and 2018, and have issued my report hereon dated September 25, 2019.

Professional standards require that I provide you with information about my responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of my audit. I have communicated such information in my engagement letter to you dated July 23, 2018. Professional standards also require that I communicate to you the following information related to my audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by First Chance for Children are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during the fiscal year ended June 30, 2019, I noted no transactions entered into by the Company during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by Management and are based on Management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most significant estimate affecting the financial statements was: Management's estimate of accounts receivable. The estimate of accounts receivable is based on the estimated revenue. I evaluated the key factors and assumptions used to develop accounts receivable in determining that it is reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

I encountered no significant difficulties in dealing with Management in performing and completing my audit.



The CPA. Never Underestimate The Value.®

Corrected and Uncorrected Misstatements

Professional standards require me to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of Management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by Management were material, either individually or in the aggregate, to the financial statements taken as a whole. I proposed \$751.82 of adjustments, which were reviewed, accepted, and posted by Management.

Disagreements with Management

For purposes of this letter, a disagreement with Management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statement or the auditor's report. I am pleased to report that no such disagreements arose during the course of my audit.

Management Representations

I have requested certain representations from Management that are included in the Management representation letter dated September 25, 2019.

Management Consultations with Other Independent Accountants

In some cases, Management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Company's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, professional standards require the consulting accountant to check with me to determine that the consultant has all the relevant facts. To my knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

I generally discuss a variety of matters, including the application of accounting principles and auditing standards, with Management each year prior to retention as the Company's auditor. However, these discussions occurred in the normal course of our professional relationship and my responses were not a condition to my retention.

This information is intended solely for the use of the Board of Directors and Management of First Chance for Children, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Lisa C. Wright, CPA LLC

Lisa C. Wright, CPA, LLC

FIRST CHANCE

6.30.19

9.18.19 EM

AJE's

ACCT #	ACCOUNT	DEBIT	CREDIT
1 20100	Accum deprec- furn,fix,equip	87.17	
20105	Furniture, fixtures, & equip	0.46	
30130	UNRESTRICT (RETAINED EARNINGS) to adjust fixed assets		87.63
2 30130	UNRESTRICT (RETAINED EARNINGS)		626.62
30022	PAYROLL LIABILITIES:MO Income Tax Withheld		37.57
20305	Credit Card - Commerce	125.47	
20000.	Accounts Receivable	318.73	
30218	Sale of Equipment to adjust net assets	219.99	
		<u>751.82</u>	<u>751.82</u>