FIRST CHANCE FOR CHILDREN

FINANCIAL STATEMENTS

FOR THE YEARS ENDED
JUNE 30, 2020 AND 2019

WILLIAMS KEEPERS LLC
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
First Chance for Children

Report on the Financial Statements

We have audited the accompanying financial statements of First Chance for Children (the Organization) which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses 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 U.S. generally accepted accounting principles; 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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards. 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization, as of June 30, 2020, and the respective changes in its net assets and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

Prior Period Financial Statements

The financial statements of the Organization as of June 30, 2019, and for the year then ended, were audited by other auditors whose report dated September 25, 2019, expressed an unmodified opinion on those statements.

Williams - Keepers LLC

December 29, 2020

FIRST CHANCE FOR CHILDREN

STATEMENTS OF FINANICIAL POSITION
June 30, 2020 and 2019

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash	$ 200,424	$ 35,865
Accounts receivable	35,310	77,695
Investments	20,724	20,194
Total current assets	256,458	133,754
Other Assets		
Investments - long term	-	10,115
Security deposit	1,800	1,800
Total other assets	1,800	11,915
Fixed Assets		
Furniture and equipment	13,298	19,797
Accumulated depreciation	(12,461)	(17,643)
Net fixed assets	837	2,154
Total assets	$ 259,095	$ 147,823
LIABILITIES AND NET ASSETS		
CURRENT LIABILITES		
Accounts payable	$ -	$ 2,690
Credit card payable	3,277	1,999
Accrued vacation expense	14,102	15,078
Total current liabilities	17,379	19,767
NET ASSETS		
Unrestricted net assets: designated reserves	-	-
Unrestricted net assets: undesignated	241,716	128,056
Total net assets	241,716	128,056
Total liabilities and net assets	$ 259,095	$ 147,823

The notes to financial statements are an integral part of these statements.

FIRST CHANCE FOR CHILDREN

STATEMENTS OF ACTIVITIES
Year Ended June 30, 2020
With Summarized Totals for the Year Ended June 30, 2019

	2020			
	Without Donor Restrictions	With Donor Restrictions	Total	2019
SUPPORT AND REVENUE				
Contracts and grants - federal, state and local	$ 561,128	$ -	$ 561,128	$ 455,588
Donations	69,248	-	69,248	71,033
Investment income	946	-	946	884
Miscellaneous	2,304	-	2,304	1,597
Total support and revenue	633,626	-	633,626	529,102
EXPENSES				
Program services	457,884	-	457,884	485,913
Management and general	62,124	-	62,124	33,351
Total expenses	520,008	-	520,008	519,264
Change in net assets	113,660	-	113,660	(162)
Net assets, beginning of year	128,056	-	128,056	128,570
Net asset adjustment for investment recognition	-	-	-	(353)
Net assets, end of year	$ 241,716	$ -	$ 241,716	$ 128,055

The notes to financial statements are an integral part of these statements.

FIRST CHANCE FOR CHILDREN

STATEMENTS OF ACTIVITIES
Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contracts and grants - federal, state and local	$ 455,588	$ -	$ 455,588
Donations	71,033	-	71,033
Investment income	884	-	884
Miscellaneous	1,597	-	1,597
Total support and revenue	529,102	-	529,102
EXPENSES			
Program services	485,913	-	485,913
Management and general	33,351	-	33,351
Total expenses	519,264	-	519,264
Change in net assets	(162)	-	(162)
Net assets, beginning of year	128,570	-	128,570
Net asset adjustment for investment recognition	(353)	-	(353)
Net assets, end of year	$ 128,056	$ -	$ 128,055

The notes to financial statements are an integral part of these statements.

FIRST CHANCE FOR CHILDREN

STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2020

	Program Service							
	Nurturing Parenting	Baby U	Lend and Learn	CRIBS	Baby Bags	Total Program Services	Management and General	Total
Salaries, payroll taxes and benefits	$ 108,395	$ 135,007	$ 36,502	$ 17,495	$ 33,873	$ 331,272	$ 33,264	$ 364,536
Administrative fee	4,682	1,015	465	390	394	6,946	12,821	19,767
Contractual costs	-	5,088	1,824	960	1,728	9,600	-	9,600
Depreciation	-	-	-	-	-	-	1,317	1,317
Fundraising	-	-	-	-	-	-	5,077	5,077
Marketing	-	-	-	-	-	-	1,907	1,907
Family incentives items	15,749	7,276	3,127	11,386	17,748	55,286	-	55,286
Rent and utilities	12,000	6,694	4,459	100	1,500	24,753	6,125	30,878
Equipment	-	-	7,793			7,793	849	8,642
Supplies	2,000	985	3,155	-	570	6,710	314	7,024
Telephone/internet	1,200	645	15	165	45	2,070	221	2,291
Training	3,048	1,890	-	-	-	4,938	-	4,938
Travel	875	5,287	1,325	819	210	8,516	229	8,745
Total expenses	$ 147,949	$ 163,887	$ 58,665	$ 31,315	$ 56,068	$ 457,884	$ 62,124	$ 520,008

The notes to financial statements are an integral part of these statements.

FIRST CHANCE FOR CHILDREN

STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2019

	Program Service							
	Positive Parenting	Nurturing Parenting	Lend and Learn	CRIBS	CSF	Total Program Services	Management and General	Total
Salaries, payroll taxes and benefits	$ 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
Family incentive items	43	17,498	7,320	14,750	10,309	49,920	-	49,920
Fundraising	-	-	-	-	-	-	12,408	12,408
Rent and utilities	-	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 notes to financial statements are an integral part of these statements.

FIRST CHANCE FOR CHILDREN

STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITES		
Change in net assets	$ 113,660	$ (162)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	$ 1,317	$ 4,792
Unrealized gain	-	(353)
(Increase) decrease accounts receivable	42,385	(32,170)
Increase (decrease) in accounts payable	(2,690)	(2,810)
Increase (decrease) in credit card payable	1,278	(410)
Increase (decrease) in accrued payroll taxes	-	(40)
Increase (decrease) in accrued vacation	(976)	729
Net adjustments	41,314	(30,262)
Net cash provided (used) by operating activities	154,974	(30,424)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of certificates of deposit	-	(20,284)
Portfolio reinvestments and purchases	-	(351)
Maturity of certificates of deposit	9,585	-
Net cash provided (used) by investing activities	9,585	(20,635)
Net increase (decrease) in cash	164,559	(51,059)
Cash, beginning of year	35,865	86,923
Cash, end of year	$ 200,424	$ 35,865

The notes to financial statements are an integral part of these statements.

FIRST CHANCE FOR CHILDREN

NOTES TO FINANICAL STATEMENTS

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 U.S. generally accepted accounting principles. 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.

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 2018, 2019 and 2020 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 programs 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
The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

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 years ending June 30, 2020 and 2019 was $1,317 and $4,792 respectively.

Reclassifications
Certain prior year amounts have been reclassified to conform to current year presentation.

NOTE 2: LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise of the following:

	2020	2019
Checking Accounts	$ 200,424	$ 35,865
Investments	20,724	20,194
Total	$ 221,148	$ 56,059

NOTE 3: INVESTMENTS

During 2020, the Organization held two certificates of deposits, one of which was cashed out during the year. The Organization adjusts its 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, 2020			June 30, 2019		
	Amortized Cost	Market Value	Carrying Cost	Amortized Cost	Market Value	Carrying Cost
Unrestricted investments	$ 10,295	$ 10,295	$ 10,295	$ 10,025	$ 10,025	$ 10,025
Certificates of deposit over one year	10,429	10,429	10,429	10,169	10,169	10,169
Total unrestricted investments	$ 20,724	$ 20,724	$ 20,724	$ 20,194	$ 20,194	$ 20,194

The Organization held $10,295 and $10,025 in various investments at June 30, 2020 and 2019, 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.

Under generally accepted accounting principles, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants and the measurement date (exit price). Financial instruments are classified into a hierarchy based on the observable nature of the inputs used to determine fair value. Fair values determined using observable inputs for identical or similar assets or liabilities are classified as level 1 or level 2. Fair values determined using assumptions based on unobservable inputs are classified as level 3.

The following tables set forth, by level, the Organization's assets that were accounted for at fair value on a recurring basis as of June 30, 2020 and 2019. In some cases, a valuation technique used to measure fail value includes inputs from multiple levels of the fair value hierarchy. The lowest level of input that is a significant component of the fair value measurement determines the placement of the entire fair value measurement in the hierarchy.

Investments consist of the following categories at June 30, 2020:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Input (Level 3)	Significant Unobservable Inputs (Level 3)	%
Money market pool	$ 1,505	$ -	$ -	14.62%
Equity pool	4,187	-	-	40.67%
Fixed income pool	4,602	-	-	44.71%
Total investments	$ 10,295	$ -	$ -	100.00%

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 3)	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%

NOTE 4: GRANTS & ACCOUNTS RECEIVABLE

Grants and accounts receivable total $35,310 and $77,695 at June 30, 2020, and 2019, respectively. The amounts are considered fully collectible. Management closely monitors grant balances and makes recommendations to the financial board.

NOTE 5: EQUIPMENT AND ACCUMULATED DEPRECIATION

Fixed assets consist of the following at June 30:

	2020	2019
Furniture and equipment	$ 13,298	$ 19,797
Less: accumulated depreciation	(12,461)	(17,643)
Total fixed assets, net	$ 837	$ 2,154

NOTE 6: **RETIREMENT PLAN**

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, 2020 and 2019, were $9,156 and $8,805, respectively.

NOTE 7: **HEALTH SAVINGS ACCOUNT**

The Organization has a Health Savings Account plan under section 233 of the Internal Revenue Code. Total contributions by the Organization for the years ended June 30, 2020 and 2019, were $3,750 and $3,509, 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 $14,102 and $15,078 at June 30, 2020 and 2019, respectively.

NOTE 9: **CONCENTRATION OF REVENUE**

The Organization received approximately 23% and 29% of its annual revenue from the State of Missouri during the years ended June 30, 2020 and 2019, respectively. The Organization received approximately 38% and 42% of its annual revenue from Boone County, Missouri during the years ended June 30, 2020 and 2019, respectively. The grants from the State of Missouri and Boone County are awarded annually.

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 numerous times ending December 31, 2019. The Organization then entered into a lease with the same lessor for the year of January 1, 2020, through December 31, 2020. The Organization has since negotiated the lease to extend through December 31, 2021. The Organization's lease expense totaled $23,760 for the years ended June 30, 2020 and 2019. The monthly lease payment is $1,980 starting October 1, 2017, through December 31, 2021.

Future annual lease commitments are as follows:

2021	$ 23,760
2022	11,880
Total lease payments	$ 35,640

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, 2020 and 2019. The monthly lease payment is $250.

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, 2020, 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, 2020, there were no significant adjustments in premiums based on actual experience.

NOTE 12: PAYCHECK PROTECTION PROGRAM

The Organization received a Paycheck Protection Program (PPP) loan of $60,000 granted by the Small Business Administration under the CARES Act. PPP loans are considered conditional contributions, with a right of return in the form of an obligation to be repaid if a barrier of entitlement is not met. The barrier is that PPP loan funds must be used to maintain compensation costs and employee headcount, and other qualifying expenses (mortgage interest, rent and utilities) incurred following receipt of the funds. The Organization recognized the amount received as grant revenue during the year ended June 30, 2020, since qualified expenses occurred and barriers to entitlement were met. Application for forgiveness of the loan was submitted in December 2020, with inclusion of compliance substantiation and certification therein. However, as of the date of this report, notice of forgiveness had not been received from the lender. The Organization expects that the loan will be forgiven. However, if a portion of the loan must ultimately be repaid, the terms of the note include a 1% interest rate and a payment term of two years with a six-month deferral period.

NOTE 13: SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 29, 2020, the date on which the financial statement were available to be issued.

During this period, the pandemic caused by Coronavirus Disease 2019 (COVID-19) could negatively impact the Organization’s financial position. The accompanying financial statements do not reflect the potential impact of this subsequent event.