FIRST CHANCE FOR CHILDREN

FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

WILLIAMS KEEPERS LLC
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
First Chance for Children

Opinion

We have audited the accompanying financial statements of First Chance for Children (the Organization) which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the twelve-month and six-month periods then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization, as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the twelve-month and six-month periods then ended in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Williams - Keepers LLC

Columbia, Missouri
June 7, 2023

FIRST CHANCE FOR CHILDREN

STATEMENTS OF FINANICIAL POSITION
December 31, 2022 and 2021

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash	$ 79,811	$ 252,425
Accounts receivable	55,413	13,571
Investments	9,743	11,829
Prepaid expenses	5,430	-
Inventory	947	2,658
Total current assets	151,344	280,483
NON-CURRENT ASSETS		
Property and equipment, net	62,369	12,212
Security deposit	1,800	1,800
Total non-current assets	64,169	14,012
Total assets	$ 215,513	$ 294,495
LIABILITIES AND NET ASSETS		
CURRENT LIABILITES		
Accounts payable	$ 2,004	$ -
Credit card payable	9,085	4,401
Accrued vacation expense	11,016	10,756
Payroll liabilities	58	-
Total current liabilities	22,163	15,157
NET ASSETS		
Without donor restrictions	193,350	279,338
Total net assets	193,350	279,338
Total liabilities and net assets	$ 215,513	$ 294,495

FIRST CHANCE FOR CHILDREN

STATEMENTS OF ACTIVITIES
Year Ended December 31, 2022
With Summarized Totals for the Six Months Ended December 31, 2021

	2022			
	Without Donor Restrictions	With Donor Restrictions	Total	2021
SUPPORT AND REVENUE				
Contracts and grants - federal, state and local	$ 475,738	$ -	$ 475,738	$ 209,827
Donations	160,186	-	160,186	103,680
Investment income (loss)	(999)	-	(999)	3,681
Miscellaneous	1,396	-	1,396	1,844
Total support and revenue	636,321	-	636,321	319,032
EXPENSES				
Program services	606,145	-	606,145	232,428
Management and general	116,164	-	116,164	43,814
Total expenses	722,309	-	722,309	276,242
Change in net assets	(85,988)	-	(85,988)	42,790
Net assets, beginning of year, as restated	279,338	-	279,338	236,548
Net assets, end of year	$ 193,350	$ -	$ 193,350	$ 279,338

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

FIRST CHANCE FOR CHILDREN

STATEMENTS OF ACTIVITIES
Six Months Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contracts and grants - federal, state and local	$ 209,827	$ -	$ 209,827
Donations	103,680	-	103,680
Investment income	3,681	-	3,681
Miscellaneous	1,844	-	1,844
Total support and revenue	319,032	-	319,032
EXPENSES			
Program services	232,428	-	232,428
Management and general	43,814	-	43,814
Total expenses	276,242	-	276,242
Net assets released from restrictions	4,774	(4,774)	-
Change in net assets	47,564	(4,774)	42,790
Net assets, beginning of year, as restated	231,774	4,774	236,548
Net assets, end of year	$ 279,338	$ -	$ 279,338

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

FIRST CHANCE FOR CHILDREN

STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2022

	Program Services						
	Baby U	Lend and Learn	CRIBS	Baby Bags	Total Program Services	Management and General	Total
Salaries, payroll taxes and benefits	$ 171,511	$ 67,246	$ 39,707	$ 103,090	$ 381,554	$ 67,614	$ 449,168
Family incentives items	16,046	7,860	9,266	95,236	128,408	-	128,408
Rent and utilities	11,508	27,731	450	12,397	52,086	4,748	56,834
Fundraising	-	-	-	-	-	26,646	26,646
Administrative expenses	4,564	2,378	1,432	4,396	12,770	7,559	20,329
Travel	4,373	659	1,145	2,745	8,922	369	9,291
Supplies	1,329	4,385	257	1,163	7,134	1,257	8,391
Equipment	1,257	1,550	-	1,466	4,273	2,234	6,507
Training	3,692	-	-	485	4,177	1,834	6,011
Depreciation	-	4,042	-	-	4,042	433	4,475
Telephone/internet	953	638	105	683	2,379	773	3,152
Marketing	-	-	-	-	-	2,697	2,697
Contractual costs	-	400	-	-	400	-	400
Total expenses	$ 215,233	$ 116,889	$ 52,362	$ 221,661	$ 606,145	$ 116,164	$ 722,309

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

FIRST CHANCE FOR CHILDREN

STATEMENT OF FUNCTIONAL EXPENSES
For the Six Months Ended December 31, 2021

	Program Services						
	Baby U	Lend and Learn	CRIBS	Baby Bags	Total Program Services	Management and General	Total
Salaries, payroll taxes and benefits	$ 69,304	$ 27,351	$ 10,776	$ 50,073	$ 157,504	$ 24,776	$ 182,280
Family incentives items	4,540	4,244	6,760	22,796	38,340	-	38,340
Rent and utilities	4,176	9,270	-	2,256	15,702	2,562	18,264
Administrative expenses	3,828	2,292	1,328	4,023	11,471	4,256	15,727
Fundraising	-	-	-	-	-	6,806	6,806
Travel	1,773	350	387	601	3,111	183	3,294
Supplies	567	1,157	58	468	2,250	288	2,538
Equipment and database	200	1,135	200	200	1,735	369	2,104
Marketing	-	-	-	-	-	1,832	1,832
Telephone/internet	480	300	140	390	1,310	370	1,680
Contractual costs	-	-	-	-	-	1,500	1,500
Training	605	-	-	400	1,005	-	1,005
Depreciation	-	-	-	-	-	872	872
Total expense	$ 85,473	$ 46,099	$ 19,649	$ 81,207	$ 232,428	$ 43,814	$ 276,242

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

FIRST CHANCE FOR CHILDREN

STATEMENTS OF CASH FLOWS
For the Year Ended December 31, 2022 and the Six Months Ended December 31, 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITES		
Change in net assets	$ (85,988)	$ 42,790
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Depreciation	4,475	872
(Increase) decrease accounts receivable	(41,842)	7,251
(Increase) decrease prepaid expenses	(5,430)	-
(Increase) decrease in inventory	1,711	6,494
Increase (decrease) in accounts payable	2,004	-
Increase (decrease) in credit card payable	4,684	(984)
Increase (decrease) in accrued vacation	260	1,431
Increase (decrease) in payroll liabilities	58	189
Net cash provided (used) by operating activities	(120,068)	58,043
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(54,632)	(8,651)
Investment (purchases) and sales, net	2,086	21,521
Net cash provided (used) by investing activities	(52,546)	12,870
Net change in cash	(172,614)	70,913
Cash, beginning of period	252,425	181,512
Cash, end of period	$ 79,811	$ 252,425

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of entity: 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 grants and donations from various organizations. Improving a child's readiness for school is one of the primary goals of the Organization.

Basis of accounting: The financial statements are presented on the accrual basis of accounting, in accordance with U.S. generally accepted accounting principles. Accordingly, revenues and assets are recognized when earned, and expenses and liabilities are recognized when incurred. The Organization follows accounting and reporting standards applicable to not-for-profit organizations.

Financial statement presentation: Net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

> Net assets without donor restrictions: Net assets available for use in general operations and not subject to donor-imposed restrictions. Board-designated funds are classified as net assets without donor restrictions.
>
> Net assets with donor restrictions: Net assets subject to donor or certain grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that those resources be maintained in perpetuity. Contributions or grants restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor or grantor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net asset released from restrictions.

Cash and cash equivalents: For purposes of the statements 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 FDIC insurance and management believes that the Organization is not exposed to significant credit risk.

Accounts receivable: Accounts receivable are stated at face value. Management has deemed all accounts to be fully collectible. The beginning and ending accounts receivable balances were as follows for twelve-month and six-month periods ending December 31, respectively:

	2022	2021
Accounts receivable - beginning of period	$ 13,571	$ 20,822
Accounts receivable - end of period	55,413	13,571

Investments: Investments are reported in the financial statements at fair value as of the end of the fiscal year. Fair value is determined by quoted market prices for securities listed on national exchanges or over-the-counter markets. Purchases and sales of securities are recorded on a trade date basis. Realized investment gains and losses are determined on the specific identification basis. Dividends are recorded on the declaration date. Interest is recorded when earned.

Investment securities of the Organization are exposed to various risks, such as interest rates, market, and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect the amounts reported in the statements of financial position.

Property and equipment: Property and equipment purchases of $2,000 or more are capitalized at cost. 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. Expenses for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are expensed as incurred.

Contributions: The Organization reports gifts of cash and other assets as net assets without donor restrictions. Contributions, including unconditional promises to give, are recognized as revenues in the period in which the promises are made, at net realizable value. Contributions which are conditional promises to give, including bequests, are recognized at their estimated fair value in the period in which the conditions were met. As of December 31, 2022 and 2021, the Organization has no unconditional promises to give.

Contributed goods are recorded at fair value at the date of the donation. The Organization benefited from in-kind donations of diapers in the amount of $6,294 and $2,414 for the twelve-month and six-month periods ending December 31, 2022 and 2021, respectively.

The Organization reports amounts in the financial statements for voluntary donations of goods and services when those goods 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.

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

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.

Taxable status: The Organization is exempt from federal income taxes as a public charity under the provisions of Internal Revenue Code section 501(c)(3). The Organization's tax returns are subject to examination by the Internal Revenue Service. Any interest or penalties incurred related to income tax filings are reported within general and administrative expenses in the statements of activities.

Subsequent events: Events that have occurred subsequent to December 31, 2022, have been evaluated through June 7, 2023, which represents the date the Organization’s financial statements were approved by management and, therefore, were available to be issued.

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 statement of financial position date, comprise of the following as of December 31:

	2022	2021
Cash and cash equivalents	$ 79,811	$ 252,425
Accounts receivable	55,413	13,571
Short-term investments	9,743	11,829
	$ 144,967	$ 277,825

3. INVESTMENTS

The following is a summary of the carrying value of investments at December 31:

	2022	2021
External investment pool	$ 9,743	$ -
Money market pool	-	1,146
Equity pool	-	4,848
Fixed income pool	-	5,835
	$ 9,743	$ 11,829

4. FAIR VALUE MEASUREMENTS

For assets and liabilities required to be reported at fair value, generally accepted accounting principles prescribes a framework for measuring fair value and financial statement disclosures about fair value measurements. A fair value hierarchy has been established that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Levels 1 and 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

The prescribed fair value hierarchy is as follows:

Level 1 Valuation is based upon quoted prices (unadjusted) in active markets for identical assets or liabilities that the Association has the ability to access.

Level 2 Valuation is based upon quoted prices for similar assets and liabilities in active markets, as well as inputs that are observable for the asset or liability (other than quoted prices), such as interest rates, foreign exchange rates, and yield curves that are observable at commonly quoted intervals.

Level 3 Valuation is generated from model-based techniques that use at least one significant assumption based on unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The Organization's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

The table below presents the Organization's assets measured at fair value on a recurring basis as of December 31, 2022 and 2021, aggregated by the level in the fair value hierarchy within which those measurements fall:

2022	Level 1	Level 2	Level 3	Total
External investment pool	$ -	$ 9,743	$ -	$ 9,743
Total investments	$ -	$ 9,743	$ -	$ 9,743

2021	Level 1	Level 2	Level 3	Total
Money market pool	$ 1,146	$ -	$ -	$ 1,146
Equity pool	4,848	-	-	4,848
Fixed income pool	5,835	-	-	5,835
Total investments	$ 11,829	$ -	$ -	$ 11,829

5. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	2022	2021
Furniture and equipment	$ 58,982	$ 15,005
Leasehold improvements	8,734	8,734
Total property and equipment	67,716	23,739
Less: accumulated depreciation	(5,347)	(11,527)
Total property and equipment, net	$ 62,369	$ 12,212

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 twelve-month and six-month periods ending December 31, 2022 and 2021, were $9,461 and $4,189, respectively.

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 twelve-month and six-month periods ending December 31, 2022 and 2021, were $4,425 and $1,925, respectively.

8. CONCENTRATION OF REVENUE

The Organization received approximately 57% and 59% of its annual revenue from the three organizations during the twelve-month and six-month periods ending December 31, 2022 and 2021, respectively. The grants received are awarded annually.

9. LEASES

The Organization leased office space in Columbia, Missouri. The Organization signed a lease for the period March 1, 2021, through February 28, 2022. The Organization's lease expense for the office space totaled $13,900 for the six-month period ended December 31, 2021. As of December 31, 2021, the future lease commitments for this lease were $3,960.

During 2022, the Organization moved locations and signed a new lease from the period January 1, 2022, through December 31, 2022. The Organization's lease expense for the office space totaled $46,500 for the year ended December 31, 2022. See Note 10 for adoption of new accounting standard related to this lease.

10. ADOPTION OF NEW ACCOUNTING STANDARD

In February 2016, the Financial Accounting Standards Board (FASB) issued guidance (Accounting Standards Codification [ASC] 842, *Leases*) to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Organization adopted the standard effective January 1, 2022, and evaluated leases existing at, or entered into after, January 1, 2022, (the beginning of the period of adoption) with certain practical expedients available. Lease disclosures for the six-month period ended December 31, 2021, are made under prior lease guidance in FASB ASC 840.

The Organization elected to apply the short-term lease exemption to one of its classes of underlying assets, see Note 9. The standard did not have an impact on the Organization’s statements of financial position, statements of activities, or statements of cash flows.

11. PRIOR PERIOD ADJUSTMENT

During 2022, the Organization determined the realized and unrealized gains/losses on investments should have been recorded as investment income (loss) rather than as a part of net assets. Accordingly, an adjustment of $3,356 was made to beginning net assets as of July 1, 2021.