



**Financial Statements**

**December 31, 2016 and 2015**

# Early Care and Learning Council

## Financial Statements

December 31, 2016 and 2015

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## Independent Auditor's Report

Board of Directors  
Early Care and Learning Council  
Albany, New York

### Report on the Financial Statements

We have audited the accompanying financial statements of the Early Care and Learning Council (Council), which comprise the statement of financial position as of December 31, 2016, the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 Council as of December 31, 2016, 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 Matters**

*Prior Year Financial Statements*

The financial statements of the Council, as of and for the year ended December 31, 2015, were audited by other auditors whose report dated April 7, 2016, expressed an unmodified opinion on those statements.

*Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as of and for the year ended December 31, 2016 as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information for the year ended December 31, 2016, has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information for the year ended December 31, 2016, is fairly stated in all material respects in relation to the financial statements as a whole. The supplementary information for the year ended December 31, 2015 was audited by other auditors whose report dated April 7, 2016, expressed an unmodified opinion on such information in relation to the financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated April 6, 2017, on our consideration of the Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's internal control over financial reporting and compliance.

BST & CO. CPAs, LLP

Albany, New York  
April 6, 2017



# Early Care and Learning Council

## Statements of Financial Position

	December 31,	
	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
Cash	\$ 216,580	\$ 198,089
Accounts receivable	20,411	7,723
Prepaid expenses	11,065	1,142
Property and equipment, net	<u>20,387</u>	<u>25,483</u>
<b>Total assets</b>	<b><u>\$ 268,443</u></b>	<b><u>\$ 232,437</u></b>
<b>LIABILITIES</b>		
Accounts payable	\$ 12,059	\$ 4,584
Accrued expenses	25,382	38,040
Deferred revenue	-	26,229
	<u>37,441</u>	<u>68,853</u>
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>NET ASSETS</b>		
Unrestricted	229,884	162,467
Temporarily restricted	<u>1,118</u>	<u>1,117</u>
	<u>231,002</u>	<u>163,584</u>
<b>Total liabilities and net assets</b>	<b><u>\$ 268,443</u></b>	<b><u>\$ 232,437</u></b>

See accompanying Notes to Financial Statements.

# Early Care and Learning Council

## Statements of Activities

	<b>Year Ended December 31, 2016</b>		
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
<b>REVENUES AND OTHER SUPPORT</b>			
Grants	\$ 1,116,027	\$ -	\$ 1,116,027
Membership dues	78,847	-	78,847
Meetings, retreats, and fees	35,855	-	35,855
Staff consulting	14,369	-	14,369
Fundraising	6,057	-	6,057
Other	4,411	1	4,412
Total revenues and other support	<u>1,255,566</u>	<u>1</u>	<u>1,255,567</u>
<b>EXPENSES</b>			
Program			
Child care resource and referral day care training	1,042,144	-	1,042,144
Hagedorn Foundation	25,000	-	25,000
Hunger Solutions	32,187	-	32,187
Membership services and special events	75,623	-	75,623
Staff consultant services	8,727	-	8,727
Sublease and other cost	23,724	-	23,724
Total expenses	<u>1,207,405</u>	<u>-</u>	<u>1,207,405</u>
<b>CHANGE IN NET ASSETS FROM OPERATIONS</b>	<b>48,161</b>	<b>1</b>	<b>48,162</b>
<b>NONOPERATING REVENUE</b>			
Rent	19,256	-	19,256
<b>Change in net assets</b>	<b>67,417</b>	<b>1</b>	<b>67,418</b>
<b>NET ASSETS, <i>beginning of year</i></b>	<u>162,467</u>	<u>1,117</u>	<u>163,584</u>
<b>NET ASSETS, <i>end of year</i></b>	<u><b>\$ 229,884</b></u>	<u><b>\$ 1,118</b></u>	<u><b>\$ 231,002</b></u>

See accompanying Notes to Financial Statements.

# Early Care and Learning Council

## Statements of Activities

	Year Ended December 31, 2015		
	Unrestricted	Temporarily Restricted	Total
<b>REVENUES AND OTHER SUPPORT</b>			
Grants	\$ 1,073,840	\$ -	\$ 1,073,840
Membership dues	80,302	-	80,302
Meetings, retreats, and fees	87,856	-	87,856
Staff consulting	15,515	-	15,515
Fundraising	9,608	-	9,608
Other	3,223	2	3,225
Net assets released from restriction	2,568	(2,568)	-
Total revenues and other support	<u>1,272,912</u>	<u>(2,566)</u>	<u>1,270,346</u>
<b>EXPENSES</b>			
Program			
Child care resource and referral day care training	1,022,664	-	1,022,664
IT conference	43,892	-	43,892
Membership services and special events	132,713	-	132,713
Rauch Foundation	15,000	-	15,000
Saginaw scholarship	477	-	477
Staff consultant services	13,080	-	13,080
Sublease and other cost	20,694	-	20,694
Fundraising	16,907	-	16,907
Total expenses	<u>1,265,427</u>	<u>-</u>	<u>1,265,427</u>
<b>CHANGE IN NET ASSETS FROM OPERATIONS</b>	<b>7,485</b>	<b>(2,566)</b>	<b>4,919</b>
<b>NONOPERATING REVENUE</b>			
Rent	19,421	-	19,421
<b>Change in net assets</b>	<b>26,906</b>	<b>(2,566)</b>	<b>24,340</b>
<b>NET ASSETS, <i>beginning of year</i></b>	<u>135,561</u>	<u>3,683</u>	<u>139,244</u>
<b>NET ASSETS, <i>end of year</i></b>	<u><b>\$ 162,467</b></u>	<u><b>\$ 1,117</b></u>	<u><b>\$ 163,584</b></u>

See accompanying Notes to Financial Statements.

# Early Care and Learning Council

## Statements of Cash Flows

	<b>Year Ended December 31,</b>	
	<b>2016</b>	<b>2015</b>
<b>CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Change in net assets	\$ 67,418	\$ 24,340
Adjustments to change in net assets to net cash provided (used) by operating activities		
Depreciation	5,096	-
(Increase) decrease in		
Accounts receivable	(12,688)	(3,977)
Prepaid expenses	(9,923)	1,155
Increase (decrease) in		
Accounts payable	7,475	(4,968)
Accrued expenses	(12,658)	5,219
Deferred revenue	(26,229)	5,230
	<b>18,491</b>	<b>26,999</b>
<b>CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES</b>		
Purchase of equipment	-	<b>(25,483)</b>
<b>Net increase in cash</b>	<b>18,491</b>	<b>1,516</b>
<b>CASH, <i>beginning of year</i></b>	198,089	196,573
<b>CASH, <i>end of year</i></b>	<b>\$ 216,580</b>	<b>\$ 198,089</b>

See accompanying Notes to Financial Statements.



# Early Care and Learning Council

Notes to Financial Statements  
December 31, 2016 and 2015

## Note 1 - Organization and Summary of Significant Accounting Policies

### *a. Description of Organization*

New York State Child Care Coordinating Council, Inc. was incorporated in April of 1975 as a New York not-for-profit corporation. Effective December 24, 2008, the name was changed to the Early Care and Learning Council (Council). The Council was formed to coordinate, assist, strengthen, and promote child care services in the State of New York and to provide a mechanism whereby child care councils and other interested organizations, individuals, and agencies may join together to accomplish shared goals.

### *b. Basis of Accounting and Financial Statement Presentation*

The Council prepares its financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) for not-for-profit entities.

All revenues are considered to be available for unrestricted use unless specifically restricted. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a restriction is satisfied or expires, temporarily restricted net assets are reclassified to unrestricted net assets. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Council reports the support as unrestricted. The Council did not have any permanently restricted net assets as of December 31, 2016 and 2015.

*Unrestricted net assets* represent resources available to support the Council's operations over which there are no restrictions based upon the source of the asset.

*Temporarily restricted net assets* represent resources that must be used for purposes specified by the donor or the passage of time.

### *c. Estimates*

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates.

### *d. Accounts Receivable*

Accounts receivable are carried at original invoice amount based on a review of all outstanding amounts. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Management determined that no allowance for accounts receivable was necessary at December 31, 2016 and 2015.

Accounts receivable are considered to be past due if any portion of the receivable balance is outstanding for more than 30 days. Interest is not charged on outstanding receivables.

# Early Care and Learning Council

Notes to Financial Statements  
December 31, 2016 and 2015

## Note 1 - Organization and Summary of Significant Accounting Policies - Continued

### *e. Property and Equipment, Net*

Property and equipment are reported at cost, net of accumulated depreciation. Expenditures for acquisitions and betterments are capitalized, whereas maintenance and repair costs are expensed as incurred. When property and equipment are retired or otherwise disposed of, the appropriate accounts are relieved of cost and accumulated depreciation, and any resultant gain or loss is credited in the statement of activities.

Depreciation is recorded using the straight-line method over the estimated useful lives of the assets of five to ten years.

Long-lived assets to be held and used are tested for recoverability whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are recognized based on the excess of the asset's carrying amount over its fair value. During the years ended December 31, 2016 and 2015, no impairment loss was recorded for long-lived assets.

### *f. Revenue Recognition*

- i. Grants - A substantial portion of the Council's grant revenue is derived from a Child Care and Development Block Grant. Revenue is recognized upon the submission and acceptance of quarterly reports which detail the contractually obligated milestones the Council must reach.
- ii. Membership dues - Membership dues are recognized ratably over the membership period.
- iii. Meetings, retreats, and fees - Revenues from meetings, retreats, and related fees are recognized when the event takes place.
- iv. Amounts received for programs or activities to be performed in the following year are reported as deferred revenue.

### *g. Allocation of Expenses*

Expenses that are directly identifiable are charged to programs. Expenses related to more than one function are charged to program services using specific allocation methods.

### *h. Tax Status*

The Council is a not-for-profit organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Council has been classified as a publicly supported organization that is not a private foundation under Section 509(a) of the Code.

The Council files Form 990 annually with the Internal Revenue Service. When annual returns are filed, some tax positions taken are highly certain to be sustained upon examination by the taxing authorities, while other tax positions are subject to uncertainty about the technical merits of the position or amount of the position's tax benefit that would ultimately be sustained. Management evaluated the Council's tax positions, including interest and penalties attributable thereto, and concluded that the Council had taken no tax position that required adjustment in its financial statements as of December 31, 2016 and 2015.

# Early Care and Learning Council

Notes to Financial Statements  
December 31, 2016 and 2015

## Note 1 - Organization and Summary of Significant Accounting Policies - Continued

### i. Subsequent Events

The Council has evaluated subsequent events for potential recognition or disclosure through April 6, 2017, the date the financial statements were available to be issued.

## Note 2 - Property and Equipment, Net

A summary of the Council's property and equipment, net, is as follows:

	December 31,	
	2016	2015
Property and equipment	\$ 62,330	\$ 62,330
Less accumulated depreciation	41,943	36,847
Property and equipment, net	<u>\$ 20,387</u>	<u>\$ 25,483</u>

Certain property and equipment were purchased with funds provided through federal grants. The title of these assets rests with the Council, however, the grant specifies that they should be used to benefit program activities. There were no federally funded grant purchases of property and equipment for the year ended December 31, 2016. Purchases of property and equipment from federally funded grants totaled approximately \$25,500 for the year ended December 31, 2015.

Depreciation expense was approximately \$5,100 for the year ended December 31, 2016, and there was no depreciation expense for the year ended December 31, 2015.

## Note 3 - Line-of-Credit

The Council has a \$150,000 unsecured line-of-credit agreement with Citizens Bank. Borrowings bear interest at the bank's prime rate plus one percent (effective rate of 4.75% and 4.50% at December 31, 2016 and 2015, respectively). There was no balance outstanding on the line-of-credit as of December 31, 2016 and 2015. The line-of-credit is renewable annually.

## Note 4 - Classification of Expenses

The statement of activities discloses expenses allocated by programs. The classification of expenses by function is as follows:

	December 31,	
	2016	2015
Program services	\$ 1,029,877	\$ 1,086,383
Management and general	177,528	167,732
Fundraising	-	11,312
Total	<u>\$ 1,207,405</u>	<u>\$ 1,265,427</u>

# Early Care and Learning Council

## Notes to Financial Statements December 31, 2016 and 2015

### Note 5 - Retirement Plan

The Council sponsors a Simplified Employee Pension Plan (SEP) which covers all employees who meet certain eligibility requirements. Contributions are discretionary, determined by the Board of Directors, and amounted to approximately \$10,000 and \$10,800 for the years ended December 31, 2016 and 2015, respectively.

### Note 6 - Commitments, Contingencies, Risks, and Uncertainties

#### a. Concentrations of Credit Risk

Bank accounts at certain institutions are insured up to certain limits, established by the Federal Deposit Insurance Corporation (FDIC). At times, the Council has bank deposits in certain institutions in excess of amounts insured by the FDIC.

#### b. Operating Leases

The Council is obligated under a lease agreement for office space. This lease requires payments of approximately \$9,600 per month through December 2017. Total lease expense under this agreement was approximately \$115,500 and \$116,500 for the years ended December 31, 2016 and 2015, respectively.

The Council also has several lease agreements for equipment, which require monthly payments ranging from approximately \$110 to \$600 and expire at various dates ranging from March 2019 through February 2020. Total rental expense under these agreements was approximately \$8,000 and \$15,200 for the years ended December 31, 2016 and 2015, respectively.

Future minimum lease payments under these leases are as follows:

For the year ending December 31,	
2017	\$ 123,754
2018	8,278
2019	3,085
2020	113
	<hr/>
	\$ 135,230
	<hr/> <hr/>

#### c. Rental Revenue

The Council entered into two sublease agreements to rent a portion of its office space. The leases require rental payments totaling approximately \$1,600 per month and expire in December 2017. The rental income was approximately \$19,300 and \$19,400 for the years ended December 31, 2016 and 2015, respectively.

# Early Care and Learning Council

## Notes to Financial Statements December 31, 2016 and 2015

### Note 6 - Commitments, Contingencies, Risks, and Uncertainties - Continued

#### d. Significant Revenue Sources

The Council received a grant from the U.S. Department of Health and Human Services, passed through the New York Office of Children and Family Services, which accounted for 84% and 83% of total revenues and other support for the years ended December 31, 2016 and 2015, respectively. There were no amounts owed to the Council under this grant as of December 31, 2016 and 2015.

#### e. Regulatory Compliance

The Council is subject to audits and reviews of reimbursable costs by various governmental agencies. The outcome of the audits and reviews may have the effect of retroactively increasing or decreasing revenue from grants. These charges, if any, will be recognized in accordance with the rules and guidelines established by the various funding sources. Compliance with such laws and regulations can be subject to future governmental review and interpretations as well as regulatory actions unknown or unasserted at this time.

### Note 7 - New Accounting Pronouncement Issued But Not Yet Implemented

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) No. 2016-14 - *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements for Not-for-Profit Entities* (ASU 2016-14). ASU 2016-14 contains amendments that make improvements to the information provided in the financial statements and accompanying notes of not-for-profit entities. The amendments include improvements to net asset classification requirements and the information presented about a not-for-profit entity's liquidity, financial performance, and cash flows. The amendments in ASU 2016-14 are effective for annual financial statements issued for fiscal years beginning after December 15, 2017. The Council has not estimated the extent of the potential impact, if any, of ASU 2016-14 on its financial statements.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606), requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU 2015-14 which defers the effective date of ASU 2014-09 one year making it effective for annual reporting periods beginning after December 15, 2018. The Council has not yet selected a transition method and is currently evaluating the effect that the standard will have on its financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than twelve months. A lease will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for the fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Council is currently evaluating the impact of the adoption of the new standard on its financial statements.

## Early Care and Learning Council

### Supplementary Information - Functional Expenses

	Year Ended December 31, 2016						
	Membership Services and Special Events	Staff Consultant Services	Hagedorn Foundation	Hunger Solutions	Unallocated Rent and Other		Total
CCR&R Day Care Training							
Salaries	\$ 675,008	\$ 18,730	\$ 5,000	\$ 13,220	\$ 14,053	\$ 1,273	\$ 727,284
Payroll taxes and benefits	70,490	1,952	673	1,780	1,172	134	76,201
Conferences and training	5,474	33,931	-	1,000	10	-	40,415
Dues and subscriptions	3,852	125	123	-	5	-	4,105
Depreciation	5,096	-	-	-	-	-	5,096
Equipment rental and maintenance	25,350	119	-	-	470	912	26,851
Insurance	4,305	208	-	-	88	-	4,601
Interest	-	112	-	-	-	-	112
Office rent	89,151	4,263	-	-	2,806	19,256	115,476
Office supplies and postage	11,157	-	-	-	56	2,129	13,342
Other	7,205	560	31	-	26	20	7,842
Printing	4,311	800	-	-	11,554	-	16,665
Professional fees	111,341	9,473	-	4,200	1,768	-	126,782
Telephone	8,450	-	-	-	179	-	8,629
Training material and facilities	1,074	12	6	-	-	-	1,092
Travel	19,880	5,338	2,894	4,800	-	-	32,912
	<b>\$ 1,042,144</b>	<b>\$ 75,623</b>	<b>\$ 8,727</b>	<b>\$ 25,000</b>	<b>\$ 32,187</b>	<b>\$ 23,724</b>	<b>\$ 1,207,405</b>

# Early Care and Learning Council

## Supplementary Information - Functional Expenses

Year Ended December 31, 2015

	<b>CCR&amp;R Day Care Training</b>	<b>Rauch Foundation</b>	<b>Membership Services and Special Events</b>	<b>Staff Consultant Services</b>	<b>Saginaw Scholarship</b>	<b>IT Conference</b>	<b>Unallocated Rent and Other</b>	<b>Fundraising</b>	<b>Total</b>
Salaries	\$ 649,696	\$ 12,971	\$ 64,544	\$ 4,086	\$ -	\$ -	\$ -	\$ 6,211	\$ 737,508
Payroll taxes and benefits	83,405	1,851	8,082	502	-	-	-	674	94,514
Conferences and training	5,378	-	29,969	-	-	23,782	-	787	59,916
Dues and subscriptions	5,902	-	679	190	-	-	-	988	7,759
Equipment rental and maintenance	33,835	-	2,715	-	-	-	427	-	36,977
Fundraising	-	-	-	-	-	-	-	3,393	3,393
Insurance	5,806	-	529	-	-	-	-	-	6,335
Interest	-	-	110	-	-	-	-	-	110
Office rent	86,606	-	10,674	-	-	-	19,256	-	116,536
Office supplies and postage	11,723	-	1,157	-	-	-	-	75	12,955
Other	1,291	-	1,167	-	-	150	1,011	362	3,981
Printing	4,701	-	1,132	70	-	1,165	-	1,378	8,446
Professional fees	96,622	-	4,623	1,950	477	4,000	-	1,000	108,672
Telephone	7,764	-	432	-	-	-	-	-	8,196
Training material and facilities	3,341	-	-	-	-	5,953	-	75	9,369
Travel	26,594	178	6,900	6,282	-	8,842	-	1,964	50,760
	<b><u>\$ 1,022,664</u></b>	<b><u>\$ 15,000</u></b>	<b><u>\$ 132,713</u></b>	<b><u>\$ 13,080</u></b>	<b><u>\$ 477</u></b>	<b><u>\$ 43,892</u></b>	<b><u>\$ 20,694</u></b>	<b><u>\$ 16,907</u></b>	<b><u>\$ 1,265,427</u></b>