

**FUNDING AGREEMENT BETWEEN THE CITY OF FRANKLIN AND
COMMUNITY CHILD CARE, INC.**

COF Contract No. 2017-0150

This Funding Agreement is effective on July 1, 2017, between and among the City of Franklin, Tennessee, a political subdivision of the State of Tennessee (the "City") and COMMUNITY CHILD CARE, INC. (the "Agency"), a Tennessee nonprofit corporation.

RECITALS

WHEREAS, Tennessee Code Annotated ("TCA") Section 6-54-111, as amended, authorizes a municipality's governing body to appropriate funds for the financial aid of any nonprofit charitable organization that provides year-round services benefiting the general welfare of the residents of the municipality or any nonprofit civic organization working to maintain and increase employment opportunities in the municipality; and

WHEREAS, the TCA also provides for the Comptroller of the Treasury to establish standard procedures to assist the municipal governing body in the disposition of funds so appropriated; and

WHEREAS, the municipality wishes to comply with the following laws and rules:

1. A municipality may appropriate funds for only those nonprofit charitable organizations that provide year-round services benefiting the general welfare of the residents of the municipality, or any nonprofit civic organization classified under Sections 501(c)(4) or (6) of the Internal Revenue Code working to maintain and increase employment opportunities in the municipality.
2. The governing body of each municipality shall adopt an adequate agreement stating the purpose for which the funds are being appropriated, for each nonprofit organization that is to receive municipal funds.
3. The budget document of the municipality shall include the name of each nonprofit organization and the specific amount appropriated for each organization.
4. Municipal payments to nonprofit organizations shall be limited to the amounts appropriated for such purposes and in keeping with the municipality's guidelines for how the appropriated funds may be spent.
5. Pursuant to Tennessee Code Annotated §6-54-111(c), the Agency shall file with the City a copy of the annual report of its business affairs and transactions that includes, but is not limited to:

- (a) Either a copy of the Agency's most recently completed annual audit or an annual report detailing all receipts and expenditures in a form prescribed by the comptroller of the treasury (a blank copy of which is attached as Exhibit A) and certified by the chief financial officer of the Agency;
- (b) A description of the program that serves the residents of the municipality (a blank copy of which is attached as Exhibit B); and
- (c) The proposed use of the municipal assistance (a blank copy of which is attached as Exhibit C).

The report filed shall be open for public inspections during regular business hours of the City.

6. For appropriations to nonprofit civic organizations, notices shall be published in a newspaper of general circulation in the municipality of the intent to make an appropriation, specifying the intended amount and purpose; and

WHEREAS, the City and the Agency intend to enter into this agreement for the purpose of defining the Agency's use of the monies received from the City in fiscal year 2017-2018.

NOW, THEREFORE, in consideration of the mutual covenants and promises, the parties agree as follows:

1. TERM

This agreement shall be effective from and after the effective date and shall extend through June 30, 2018, unless otherwise terminated in accordance herewith.

2. OBLIGATIONS OF CITY OF FRANKLIN

2.1 In accordance with City guidelines after all administrative costs are deducted therefrom, the City will contribute to the Agency the amount of TWENTY-NINE THOUSAND ONE HUNDRED FORTY and 00/100 DOLLARS (\$29,140.00).

2.2 Payments will be made in quarterly installments, payable at or near the beginning of each quarter.

3. OBLIGATIONS OF THE AGENCY

3.1 **Use of Funds.** The Agency shall use the City funds for the sole and limited purpose of community and economic development of the City of Franklin according to the Statement of Work and Program Objectives provided in Exhibit B, a copy of which is attached hereto and incorporated by reference herein.

3.2 **Work Plan.** In order to accomplish the objective(s) set forth in paragraph 3.1, the agency shall submit to the City a Work Plan that describes, in detail, the efforts to be undertaken by the Agency to accomplish the performance objectives set forth in Exhibit B, a copy of which is attached hereto as Exhibit C and incorporated by reference herein. At a minimum, the Work Plan shall include that information required by Exhibit B. The Agency

shall coordinate its performance under this Agreement with the City. The Agency shall advise and consult with the City Administrator or his/her designee, with respect to its performance under this Agreement.

3.3 Annual Budget. The Agency shall submit an annual budget in a form and on a schedule acceptable to the City. The annual budget shall contain a detailed analysis of the project administrative expenses for operations and reasonable estimates of the projected amounts to be spent for the services to be provided and Work Plan to be implemented for the calendar year. The budget shall be submitted to the City with this agreement.

3.4 Reporting. Pursuant to Tennessee Code Annotated §6-54-111(c), the Agency shall file with the City a copy of the annual report of its business affairs and transactions that includes, but is not limited to:

- (a) Either a copy of the Agency's most recently completed annual audit or an annual report detailing all receipts and expenditures in a form prescribed by the comptroller of the treasury (a blank copy of which is attached as Exhibit A) and certified by the chief financial officer of the Agency;
- (b) A description of the program that serves the residents of the municipality; and
- (c) The proposed use of the municipal assistance.

The report filed shall be open for public inspections during regular business hours of the City.

3.5 Insurance. The Agency shall maintain professional liability and general liability insurance coverages as are reasonably necessary to cover any liability arising out of the acts or omissions of the Agency and its employees. The Agency shall maintain workers' compensation insurance as required by the laws of the State of Tennessee.

The Agency shall require all third parties utilized by the Agency ("Contractors") to maintain professional liability and general liability insurance coverages as are reasonably necessary to cover any liability arising out of the acts or omissions of the Contractors and its employees. The Agency shall require contractors to maintain workers' compensation as required by the State of Tennessee. The contractor's general liability insurance shall be of sufficient limits to provide defense and settlement expenses for Agency that result from the contractor liability. To the extent permissible, the Agency shall require each Contractor to endorse the Agency as an additional insured on the Contractor's general liability policies.

To the extent permitted by law, the Agency shall require such Contractor to indemnify and hold the Agency harmless against any liability caused by acts or omissions of the Contractor and its employees.

Insurance information will be provided to the City upon request. The Agency shall notify the City immediately of incidents that could lead to a major claim against the Agency.

4. RESTRICTION ON USE OF FUNDS

The Agency does hereby warrant and represent that the City Funds shall not be utilized by either the Agency or any of its Contractors for the following purposes:

- 4.1 Any claim or litigation against the City or any department or division of the City.
- 4.2 Any political or levy campaigning purposes.

5. RECORDS AND AUDITS

5.1 Accounting. The Agency shall maintain full, accurate and complete financial and accounting books, records and reports ("Records") of all direct and indirect uses and expenditures of the City Funds consistent with generally accepted accounting principles (GAAP).

5.2 Maintenance of Records. The Agency shall keep records relating to all uses and expenditures of the City Funds received pursuant to this Agreement. The Agency shall maintain a system of bookkeeping adequate for its operations hereunder and shall submit reports from such system to the City and the Agency on an annual basis for review and approval. The Agency shall keep and preserve for at least five (5) years following each calendar year all sales slips, rental agreements, purchase orders, sales books, cash register tapes, credit card invoices, payroll records, duplicate deposit tapes and invoices, bank accounts, cash receipts and cash disbursements, bank books and other evidence of receipts and expenditures for such period.

5.3 Audit. The City or the City's designated representative, at the City's cost and expense, shall have the right to audit the Agency's Records at any time but shall not unreasonably interfere with the Agency's business or operations in connection with any such audit. The Agency acknowledges that this Agreement may be subject to audit by the Auditor of the State of Tennessee.

5.4 Repayment. If an audit discloses the Agency has received or retained City Funds in error or in excess of those to which the Agency is entitled under this Agreement or has used the City Funds for a purpose not authorized by this Agreement, the Agency agrees to promptly repay to the City the full amount of such City Funds, with interest thereon at the rate equal to the 90-day U.S. Treasury Note at the time. In the event the Agency fails to promptly repay to the City the full amount of such City Funds, the City may elect to withhold said City Funds from any future payments to the Agency.

5.5 Additional Remedies. In addition to the repayment remedy set forth in paragraph 5.4 herein, the City may elect to terminate this Agreement as set forth in section 6, herein with a minimum of 30 days written notice to the Agency's President and Chair of the Board with opportunity to cure any breach.

6. TERMINATION

If either party hereto breaches any term, condition, representation, warranty or covenant contained in this Agreement, or if the Agency engages in any malfeasance or misfeasance with respect to the City Funds, the non-breaching party may elect to terminate this Agreement with a minimum of 30 days written notice to the other party with opportunity to cure any breach.

7. MISCELLANEOUS PROVISIONS

7.1 The Agency and the City agree that, as a condition to this Agreement, they shall not discriminate against any employee on the basis of race, color, sex, religion, natural origin, handicap, or any other factor specified in Title VI of the Civil Rights Act of 1964, the Rehabilitation Act of 1973, the Americans with Disabilities Act, and subsequent amendments thereto, and all other federal and state laws regarding such discrimination.

7.2 The Agreement may be amended at any time, or any provision hereof may be waived, by written consent of all parties hereto.

7.3 This Agreement shall be governed by and construed under the laws of the State of Tennessee.

7.4 The Agency and the City shall conform to the requirements of all applicable laws and regulations of the State of Tennessee governing the execution of their respective duties under this Agreement.

(Signatures on next page)

IN WITNESS WHEREOF, THE PARTIES HAVE EXECUTED THIS Agreement as of this 28 day of August, 2017 by

COMMUNITY CHILD CARE, INC..

By: Tara Blue

Name: Tara Blue

Title: Executive Director

Date: 8/28/2017

CITY OF FRANKLIN

By: 
Dr. Ken Moore, Mayor

By: 
Eric Stuckey, City Administrator

Date: 9-7-17

Approved as to form:

By: 
Shauna R. Billingsley, City Attorney

EXHIBIT A

**Annual Reporting Form for Nonprofit Organizations
Seeking Financial Assistance from Local Governments**

Community Child Care

Name of Nonprofit Organization

129 W. Fowlkes Suite 1270 - Franklin, Wmson., TN 37064

Street Address

City

County

State

Zip

Annual Financial Report of Cash Receipts, Disbursements, and Balances

For the Fiscal Year from 2016 through 2017

Report Required by Title 5, Chapter 9, Part 1,

And Title 6, Chapter 54, Part 1, *Tennessee Code Annotated*

Receipts

Federal Grants

\$ 0

State Grants

98,968.00

Financial Assistance from Local

Governments

29,140.00

Donations and Gifts from Citizens

10,233.00

Membership Dues

0

Fees/Charges for Services

138,233.00

Fundraising Events

6,000.00

Sale of Assets

0

Loans-Borrowed Funds

1,345.00

Investment Income

179,328.00

Other Receipts

Total Receipts

\$ 463,247.00 (A)

Disbursements

Grants and Other Assistance Paid to Other Organizations and Individuals	\$ <u>0</u>	
Salaries and Wages	<u>309,250.00</u>	
Employee Benefits	<u>14,526.00</u>	
Payroll Taxes	<u>23,294.00</u>	
Fees for Services (non-employee)	<u>15,854.00</u>	
Advertising and Promotion	<u>479.00</u>	
Office Expenses	<u>508.00</u>	
Leases/Rentals	<u>1,800.00</u>	
Maintenance and Repairs	<u>14,549.00</u>	
Supplies	<u>37,851.00</u>	
Travel	<u>0</u>	
Utilities	<u>13,326.00</u>	
Insurance	<u>9,000</u>	
Conferences, Conventions and Meetings	<u>529.00</u>	
Interest	<u>0</u>	
Purchase of Capital Assets – Vehicles and Equipment	<u>0</u>	
Purchase of capital Assets – Property and Buildings	<u>0</u>	
Loan Payments	<u>0</u>	
Other	<u>7,779.00</u>	
Total Disbursements		\$ <u>448,745.00</u> (B)
Cash Receipts Less Disbursements for the fiscal Year (A-B=C)		\$ <u>14,502.00</u> (C)
Cash Balance - at the beginning of the fiscal year		\$ <u>385,794.00</u> (D)
Cash Balance - at the end of the fiscal year (C+D=E)		\$ <u>400,296.00</u> (E)

Details of Cash Balance - at the end of the fiscal year

Cash on Hand	\$ <u>0</u>
Cash in Bank – Checking	<u>250,296.00</u>
Cash in Bank – Savings Accounts	<u>0</u>

Cash in Bank – Certificates of Deposits	<u>150,000.⁰⁰</u>	
Other Cash	<u>0</u>	
Total Cash - at the end of the fiscal year		\$ <u>400,296.⁰⁰</u> (E)

Please Explain Proposed Use of the Financial Assistance from Local Governments.

- Teacher Training
 - Computer Lab for students
 - Classroom Supplies

I certify that this report accurately presents the cash receipts, disbursements, and balances of the

Community Child Care for the fiscal year noted above.

Name of Nonprofit Organization

Person Preparing Report

Tara Blue

Tara Blue

Printed Name

Signature

Phone Number 415 794.8986

Email Address communitychild@bellsouth.net

Date 8/28/17

EXHIBIT B

STATEMENT OF WORK AND PROGRAM OBJECTIVES

The Agency 2017-2018 Statement of Work and Program Objectives (description of program) shall include:

1. To obtain our 3 star rating we must acquire new supplies, cots, educational resources etc.
- 2.
3. > Parental workshops to educate them on current issues
Updated curriculum
 - Assist with tuition fees
 - In-house speakers and trips

EXHIBIT C

WORK PLAN

The Agency 2017-2018 Annual Work Plan (how the funds will be used) shall include:

1. - Assist low-income families (educationally, financially, emotionally)
2. - Serve the families in the community by providing a quality childcare
- 3.

EXHIBIT D
Budget for Current Year

Non- Profit Organization for City of Franklin- Page Two

Organization: Community Child Care Center

Note: If necessary, please use a separate sheet in this format for the inclusion of additional expenditures or revenue line items

Expenditures	Actual 2015-16	Expended 2016-17	Requested 2017-18
Salary, Benefits, Payroll & Taxes	\$ 284, 233.00	\$ 384, 901.00	\$ 382, 000.00
Accounting & Audit	\$ 8,887.00	\$ 8,900.00	\$ 8,900.00
Occupancy	\$ \$1,800.00	\$1,800.00	\$1,800.00
Supplies (food)	\$ 36,000.00	\$ 40,985.00	\$ 41,000.00
Conference, Meetings & Training	\$ 1,000.00	\$2, 828.00	\$ 2,000.00
Utilities	\$ 18,000.00	\$21, 500.00	\$ 14,000.00
Maintenance & Cleaning	\$ 18,295.00	\$ 19, 295.00	\$ 15,000.00
Insurance	\$ 7,000.00	\$ 9,500.00	\$ 8,000.00
License, permits, misc. items	\$ 556.00	\$ 3,000.00	\$ 1,000.00
Total Budget	\$375,771.00	\$492,709.00	\$ 473,700.00

Revenues:(include any fundraising events)	2015- 2016	2016-2017	2017-2018
Williamson County Govt.	\$ 7,508.00	\$ 7,508.00	\$7,508.00
City of Franklin Govt.	\$ 21, 855.00	\$ 29, 140.00	\$ 29, 140.00

United Way	\$ 134, 200.00	\$ 179,000.00	\$ 179, 000.00
Childcare Vouchers	\$ 98, 270.00	\$ 141, 000.00	\$ 120,000.00
CACFP (Food Service)	\$ 27, 200.00	\$ 35,000.00	\$ 27,000.00
Service Fees	\$ 74,000.00	\$ 81,061.00	\$81, 061.00
Fundraising	\$ 12,291.00	\$ 20,000.00	\$ 15,000.00
Total Revenues	\$ 375,324.00	\$ 492,709.00	\$ 458,709.00

COMMUNITY CHILD CARE, INC.

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

JUNE 30, 2017 AND 2016

COMMUNITY CHILD CARE, INC.

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BELLENFANT

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

Professional Accounting & Consulting Services

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Community Child Care, Inc.
Franklin, Tennessee

We have audited the accompanying financial statements of Community Child Care, Inc, which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities, functional expenses 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 misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Community Child Care, Inc as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Bellenfant, PLLC

August 18, 2017

COMMUNITY CHILD CARE, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2017 AND 2016

ASSETS

	<u>2017</u>	<u>2016</u>
Cash	250,296	235,794
Certificates of Deposit	150,000	150,000
County Government Receivable	7,508	-
Child Care Assistance Receivable	4,505	6,215
Child Care Food Program Receivable	2,352	3,047
	<u>414,661</u>	<u>395,056</u>
Furniture and Equipment	36,612	33,349
Less: Accumulated Depreciation	<u>(31,610)</u>	<u>(30,689)</u>
	<u>5,002</u>	<u>2,660</u>
Net Furniture and Equipment	<u>5,002</u>	<u>2,660</u>
TOTAL ASSETS	<u>\$ 419,663</u>	<u>\$ 397,716</u>

LIABILITIES AND NET ASSETS

Accounts Payable	<u>\$ 322</u>	<u>\$ 2,680</u>
	<u>322</u>	<u>2,680</u>
Total Current Liabilities	<u>322</u>	<u>2,680</u>
Net Assets - Unrestricted	<u>419,341</u>	<u>395,036</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 419,663</u>	<u>\$ 397,716</u>

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

COMMUNITY CHILD CARE, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
SUPPORT AND REVENUE:		
Tennessee Department of Human Services		
Child Care Food Program	\$ 32,763	\$ 32,847
Child Care Assistance	<u>73,062</u>	<u>117,343</u>
Total Tennessee Department of Human Services	105,825	150,190
United Way	179,328	179,000
Day Care Fees	138,233	98,402
City of Franklin	29,140	29,140
Williamson County	7,508	7,508
Contributions	16,233	22,024
Interest	<u>1,345</u>	<u>577</u>
Total Support and Revenue	<u>477,612</u>	<u>486,841</u>
EXPENSES:		
Program Services		
Community Day Care	283,575	310,854
Meals	<u>65,386</u>	<u>67,573</u>
Total Program Services	348,961	378,427
Support Services		
Management and General	<u>104,346</u>	<u>80,758</u>
Total Expenses	<u>453,307</u>	<u>459,185</u>
Change in Net Assets	24,305	27,656
Net Assets - Unrestricted, beginning of year	<u>395,036</u>	<u>367,380</u>
Net Assets - Unrestricted, end of year	<u>\$ 419,341</u>	<u>\$ 395,036</u>

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

COMMUNITY CHILD CARE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2017

	<u>Program Services</u>			<u>Support Services</u>	
	<u>Community Day Care</u>	<u>Meals</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Total All Funds</u>
Salaries	\$ 209,824	\$ 27,312	\$ 237,136	\$ 75,756	\$ 312,892
Payroll Taxes	13,969	2,641	16,610	6,684	23,294
Fringe Benefits	10,386	-	10,386	4,140	14,526
Payroll Processing Fees	3,746	-	3,746	-	3,746
Supplies	5,953	29,731	35,684	2,167	37,851
Maintenance and Cleaning	14,098	-	14,098	451	14,549
Professional Services	2,908	-	2,908	9,200	12,108
Telephone	-	-	-	4,560	4,560
Utilities	3,616	5,150	8,766	-	8,766
Storage	336	-	336	-	336
Insurance	9,000	-	9,000	-	9,000
Taxes and Licenses	-	-	-	172	172
Dues and Subscriptions	-	-	-	479	479
Training and Seminars	529	-	529	-	529
Rent	1,800	-	1,800	-	1,800
Other	7,330	192	7,522	257	7,779
Total Expenses before Depreciation	283,495	65,026	348,521	103,866	452,387
Depreciation	80	360	440	480	920
Total Expenses	\$ 283,575	\$ 65,386	\$ 348,961	\$ 104,346	\$ 453,307

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

COMMUNITY CHILD CARE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2016

	<u>Program Services</u>			<u>Support Services</u>	
	<u>Community Day Care</u>	<u>Meals</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Total All Funds</u>
Salaries	\$ 228,841	\$ 26,389	\$ 255,230	\$ 63,572	\$ 318,802
Payroll Taxes	17,563	1,991	19,554	4,661	24,215
Fringe Benefits	8,435	-	8,435	8,310	16,745
Payroll Processing Fees	4,291	-	4,291	-	4,291
Supplies	5,096	30,604	35,700	2,395	38,095
Maintenance and Cleaning	10,045	5,280	15,325	-	15,325
Professional Services	9,055	1,123	10,178	425	10,603
Telephone	3,315	-	3,315	327	3,642
Utilities	9,641	-	9,641	-	9,641
Storage	2,199	-	2,199	-	2,199
Insurance	6,684	-	6,684	50	6,734
Taxes and Licenses	1,169	80	1,249	-	1,249
Dues and Subscriptions	369	-	369	130	499
Training and Seminars	2,242	22	2,264	219	2,483
Advertising	1,211	-	1,211	-	1,211
Other	698	-	698	189	887
Total Expenses before Depreciation	310,854	65,489	376,343	80,278	456,621
Depreciation	-	2,084	2,084	480	2,564
Total Expenses	<u>\$ 310,854</u>	<u>\$ 67,573</u>	<u>\$ 378,427</u>	<u>\$ 80,758</u>	<u>\$ 459,185</u>

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

COMMUNITY CHILD CARE, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 24,305	\$ 27,656
Adjustments to reconcile net income to net cash used by operating activities		
Depreciation	920	2,564
(Increase) Decrease in assets:		
County Government Receivable	(7,508)	-
Child Care Food Program Receivable	695	59
Child Care Assistance Receivable	1,710	166
Increase (Decrease) in:		
Accounts Payable and Accrued Expenses	<u>(2,358)</u>	<u>2,486</u>
Net cash provided by operating activities	<u>17,764</u>	<u>32,931</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase) Decrease in:		
Furniture and Equipment	<u>(3,262)</u>	<u>-</u>
Net cash provided by investing activities	<u>(3,262)</u>	<u>-</u>
NET INCREASE IN CASH	14,502	32,931
Cash Balance, beginning of year	<u>235,794</u>	<u>202,863</u>
Cash Balance, end of year	<u>\$ 250,296</u>	<u>\$ 235,794</u>

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

COMMUNITY CHILD CARE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Purpose:

Community Child Care, Inc. ("the Organization"), located in Franklin, Tennessee, is a nonprofit corporation organized to provide child care services to low-income families.

Basis of Presentation:

Community Child Care, Inc. prepares its financial statements and maintains its financial accounting records on the accrual basis of accounting. Revenue is generally recognized when earned. Expenses are generally recognized when incurred.

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. Financial statement presentation follows the requirements of the Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic related to Presentation of Financial Statements of Not-for-Profit Organizations. Under the FASB Accounting Standards Codification, the Organization is required to report information regarding its financial position and activities according to three classes of net assets; unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. The Organization had no temporarily restricted net assets as of June 30, 2017 and 2016.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that may be maintained permanently by the Organization. Generally donors of these assets permit the Organization to use all or part of the income earned for general or specific purposes. The Organization had no permanently restricted net assets as of June 30, 2017 and 2016.

COMMUNITY CHILD CARE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017 AND 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions:

The Organization accounts for contributions in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification topic relating to Accounting for Contributions Received and Contributions Made. In accordance with the FASB Accounting Standards Codification, contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence or nature of any donor-imposed restrictions. Under The FASB Accounting Standards Codification, certain contributions are required to be reported as temporarily restricted support and are then reclassified to unrestricted net assets upon expiration or resolution of the donor restrictions. The Organization had no temporarily or permanently restricted contributions as of June 30, 2017 and June 30, 2016.

Cash and Cash Equivalents:

For purposes of the statement of cash flows, the Organization considers all certificates of deposit purchased with a maturity of three months or less to be cash equivalents. Certificates of deposit with original maturities exceeding three months are classified as investments and stated at fair value. Investments were \$150,000 as of June 30, 2017 and 2016.

Fair Values of Financial Instruments:

The following methods and assumptions were used by the Organization in estimating its fair value disclosures for financial instruments:

Cash, cash equivalents, certificates of deposit, accounts receivable, and accounts payable: The carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments.

Accounts Receivable:

The Organization considers accounts receivable to be fully collectible: accordingly, no allowances for doubtful accounts is required. If accounts become uncollectible, they will be charged to operations when that determination is made.

Revenue Recognition:

Grant income is recognized over the grant period in relation to the expenditures incurred and services provided, as outlined in the grant documents. Cash received in excess of grant expenditures to date is recorded as deferred revenue, and an account receivable is recorded when allowable expenditures exceed cash received.

COMMUNITY CHILD CARE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017 AND 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses:

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

Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Equipment:

Equipment is stated at cost for purchased equipment and at fair market value on the date received for contributed equipment less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of five years for equipment. Assets purchased with a cost of less than \$500 are expensed to minor equipment.

2. FEDERAL INCOME TAX STATUS

The Organization has been determined by the Internal Revenue Service to be exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code. Accordingly, the financial statements do not reflect a provision for income taxes.

The Organization files a U.S. Federal Form 990-*Return of Organization Exempt from Income Tax*. The Organization's returns for the years prior to fiscal year ended June 30, 2014 are no longer open for examination.

The Organization has evaluated its tax positions in accordance with the Codification Standard relating to Accounting for Uncertainty in Income Taxes. The Organization believes that it has taken no uncertain tax positions.

3. GRANT REVENUE RECEIVABLE

Grant revenue receivable consists of receivables of the annual budgeted amount from Williamson County, Tennessee and Child Care Food Program, and the Child Care Assistance Program funded by the Tennessee Department of Human Services.

COMMUNITY CHILD CARE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017 AND 2016

4. PENSION PLAN

The Organization has a defined contribution pension plan for all eligible employees. Employees are eligible to participate in the plan if they have been employed by the Organization for three years and are 21 years of age or older. The employer contributes 5% of each participants salary. Employer contributions for the years ended June 30, 2017 and 2016 were \$14,526 and \$16,625, respectively.

5. CONCENTRATIONS OF RISK

The financial condition of all depository banks, including those with balances less than the Federal Deposit Insurance Corporation's \$250,000 insured limit, is continually reviewed by the board. These deposits did not exceed the amount insured by the Federal Deposit Insurance Corporation (FDIC) as of June 30, 2017 and 2016.

6. SIGNIFICANT SOURCE OF REVENUE RISK

The Organization receives over 20% and 35% of its revenue from the State of Tennessee Department of Human Services and over 35% and 35% from United Way for child care assistance and child care food programs for the years ended June 30, 2017 and 2016, respectively. A major reduction of funding by the grantor agencies would have a significant effect on future operations.

7. CONTINGENCY

Expenditures related to government contracts are subject to adjustment based upon review by the granting agencies. The Organization does not anticipate that adjustments, if any, arising from such reviews will have a material effect on the financial statements.

8. SUBSEQUENT EVENTS

Subsequent events have been evaluated through August 18, 2017 which is the date the financial statements were available to be issued.