

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

COF Contract No. 2018-0115

This Funding Agreement is effective on July 1, 2018, 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 2018-2019.

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, 2019, 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 18 day of August, 2018 by

COMMUNITY CHILD CARE, INC.

By: Tara Blue

Name: Tara Blue

Title: Executive Director

Date: 8/18/18

CITY OF FRANKLIN

By: Eric S. Stuckey
Eric Stuckey, City Administrator

Date: 8-23-2018

Approved as to form:

By: Tiffani M. Pope
Tiffani M. Pope, Staff Attorney

EXHIBIT A

Annual Reporting Form for Nonprofit Organizations

Seeking Financial Assistance from Local Governments

Community Child Care Center, Inc.

Name of Nonprofit Organization

129 W. Fowlkes Franklin Williamson TN 37064

Street Address Suite 1270 City County State Zip

Annual Financial Report of Cash Receipts, Disbursements, and Balances

For the Fiscal Year from 2018 through 2019

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

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

Receipts

Federal Grants

\$ 0
138,069.00

State Grants

Financial Assistance from Local

Governments

36,648.00

Donations and Gifts from Citizens

0

Membership Dues

Fees/Charges for Services

205,001.00

Fundraising Events

22,795.00

Sale of Assets

Loans-Borrowed Funds

0

Investment Income

1,277.00

Other Receipts

180,241.00

Total Receipts

\$ 584,031.00 (A)

Disbursements

Grants and Other Assistance Paid to
Other Organizations and Individuals

\$ Ø
367,138. 00

Salaries and Wages

12,445. 00

Employee Benefits

27,966. 00

Payroll Taxes

12,951. 00

Fees for Services (non-employee)

1,459. 00

Advertising and Promotion

Ø

Office Expenses

1,800. 00

Leases/Rentals

10,860. 00

Maintenance and Repairs

46,105. 00

Supplies

Ø

Travel

11,285. 00

Utilities

12,435. 00

Insurance

799. 00

Conferences, Conventions and Meetings

Ø

Interest

9,456. 00

Purchase of Capital Assets – Vehicles
and Equipment

Ø

Purchase of capital Assets – Property
and Buildings

Ø

Loan Payments

4,910. 00

Other

Total Disbursements

\$ 519,609. 00 (B)

**Cash Receipts Less Disbursements for
the fiscal Year (A-B=C)**

\$ 64,422. 00 (C)

**Cash Balance - at the beginning of the
fiscal year**

\$ 400,296. 00 (D)

**Cash Balance - at the end of the fiscal
year (C+D=E)**

\$ 464,718. 00 (E)

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

Cash on Hand	\$ <u>0</u>	
Cash in Bank – Checking	<u>324,718.00</u>	
Cash in Bank – Savings Accounts	<u>0</u>	
Cash in Bank – Certificates of Deposits	<u>140,000.00</u>	
Other Cash	<u>0</u>	
Total Cash - at the end of the fiscal year		\$ <u>464,718.00</u> (E)

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

- Classroom Resources/Supplies
- S.T.E.M. - in house science experiments
- Teacher Training
- Playground Equipment

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

Printed Name

Tara Blue

Signature

615.794.8986

Phone Number

communitychild@bellsouth.net

Email Address

Date

8/18/18

EXHIBIT B

STATEMENT OF WORK AND PROGRAM OBJECTIVES

The Agency 2018-2019 Statement of Work and Program Objectives (description of program) shall include:

1. In-house speakers and field trips
 2. Parental workshops to educate the parents on current
 3. educational trends to assist their children with learning
- ↳ Update Curriculum and replenish current curriculum

EXHIBIT C

WORK PLAN

The Agency 2018-2019 Annual Work Plan (how the funds will be used) shall include:

1. To continue to serve the families in the community by providing an affordable and quality child care.
2. Assist low-income families with tuition shortage.
3. Equip each child academically, physically and emotionally to prepare them to matriculate to Kindergarten.

EXHIBIT D

Budget for Current Year

See attachment

UWWC Budget Form - Total Agency

Agency Name:

Please specify: Report is current (PLEASE CHECK ONE)

Fiscal year XXX

A. Revenue	FY 2016 or '16/'17 *	FY 2017 or '17/'18	FY 2018 or '18/'19
1. Contributions, Gifts & Grants:			
1a. United Way of Williamson County	\$179,328.00	\$179,868.00	\$179,868.00
1b. Other United Ways			
1c. Membership dues			
1d. Government Grants	\$36,648.00	\$36,648.00	\$36,648.00
1e. All Other Contributions-Fundraising	\$16,233.00	\$17,750.00	\$19,000.00
1f. TOTAL Contributions	\$232,209.00	\$234,266.00	\$235,516.00
2. Program Services	\$244,058.00	\$301,342.00	\$310,000.00
3. Investment Income (Dividends & Interest)	\$1,345.00	\$2,554.00	\$1,750.00
4. Royalties			
5. Net Rental Income			
6. Net Gain (Loss) on Sale of Assets Other than Inventory			
Special Events			
8. Net Income (Loss) from Gaming			
9. Net Income (Loss) from Sale of Inventory			
10. All other revenue (please describe on separate page)			
11. Total Revenue:	\$477,612.00	\$538,162.00	\$547,266.00
B. Functional Expenses	FY 2016 or '16/'17 **	FY 2017 or '17/'18	FY 2018 or '18/'19
12. Grants & Other Assistance:			
12a. Organizations & Governments			
12b. Individuals			
13. Employee Salaries	\$312,892.00	\$363,210.00	\$388,000.00
14. Employee Benefits	\$14,526.00	\$10,338.00	\$11,000.00
15. Payroll Taxes	\$23,294.00	\$27,348.00	\$29,000.00
16. Service Fees - payroll processing & accounting	\$12,946.00	\$16,800.00	\$17,500.00
17. Advertising & Promotion			
18. Office Expenses	\$37,851.00	\$48,448.00	\$49,000.00
19. Information Technology			
20. Royalties			
21. Occupancy/Utilities	\$10,566.00	\$13,154.00	\$13,000.00
22. Travel & Entertainment			
23. Conferences & Meetings	\$529.00	\$990.00	\$1,000.00
24. Interest			
25. Payment to Affiliates			
26. Depreciation & Amortization	\$920.00	\$920.00	\$920.00
27. Insurance	\$9,000.00	\$12,472.00	\$13,000.00
28. All other expenses (please explain on separate page)	\$30,783.00	\$28,471.00	\$30,000.00
29. Total Functional Expenses:	\$453,307.00	\$522,151.00	\$552,420.00
30. UWWC Funding % of Program functional Expense	-5%	-3%	1%
C. Surplus (Deficit)	\$24,305.00	\$16,011.00	(\$5,154.00)
D. # FTEs (Full-Time Equivalents)-- not including volunteers	10	12	13

* Figures in the revenue section should reflect the attached IRS 990/990EZ

** Figures in the functional expense section should reflect the numbers from Column A in the attached IRS 990/990EZ

Agency Director

Board Chair

* maintenance and cleaning supplies, professional services, telephone, taxes, licenses, dues & subscriptions

COMMUNITY CHILD CARE, INC.
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
JUNE 30, 2018 AND 2017

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, 2018 and 2017, 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, 2018 and 2017, 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

July 27, 2018

COMMUNITY CHILD CARE, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2018 AND 2017

ASSETS

	<u>2018</u>	<u>2017</u>
CURRENT ASSETS		
Cash	324,718	250,296
Certificates of Deposit	-	150,000
County Government Receivable	7,508	7,508
Child Care Assistance Receivable	3,946	4,505
Child Care Food Program Receivable	3,280	2,352
Prepaid Expenses	<u>1,800</u>	<u>-</u>
Total Current Assets	<u>341,252</u>	<u>414,661</u>
NON-CURRENT ASSETS		
Certificates of Deposit	<u>140,000</u>	<u>-</u>
Total Non-Current Assets	<u>140,000</u>	<u>-</u>
FIXED ASSETS		
Furniture and Equipment	46,068	36,612
Less: Accumulated Depreciation	<u>(32,982)</u>	<u>(31,610)</u>
Total Fixed Assets	<u>13,086</u>	<u>5,002</u>
Total Assets	<u><u>\$ 494,338</u></u>	<u><u>\$ 419,663</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts Payable	<u>\$ 4,930</u>	<u>\$ 322</u>
Total Current Liabilities	<u>4,930</u>	<u>322</u>
NET ASSETS		
Net Assets - Unrestricted	<u>489,408</u>	<u>419,341</u>
Total Net Assets	<u>489,408</u>	<u>419,341</u>
Total Liabilities and Net Assets	<u><u>\$ 494,338</u></u>	<u><u>\$ 419,663</u></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, 2018 AND 2017

SUPPORT AND REVENUE:	<u>2018</u>	<u>2017</u>
Tennessee Department of Human Services		
Child Care Food Program	\$ 34,479	\$ 32,763
Child Care Assistance	103,959	73,062
	<hr/>	<hr/>
Total Tennessee Department of Human Services	138,438	105,825
	<hr/>	<hr/>
United Way	180,033	179,328
Day Care Fees	205,001	138,233
City of Franklin	29,140	29,140
Williamson County	7,508	7,508
Contributions	22,795	16,233
Interest	1,277	1,345
Computer Center	208	-
	<hr/>	<hr/>
Total Support and Revenue	584,400	477,612
	<hr/>	<hr/>
EXPENSES:		
Program Services		
Community Day Care	335,857	283,575
Meals	66,110	65,386
	<hr/>	<hr/>
Total Program Services	401,967	348,961
	<hr/>	<hr/>
Support Services		
Management and General	112,366	104,346
	<hr/>	<hr/>
Total Expenses	514,333	453,307
	<hr/>	<hr/>
Change in Net Assets	70,067	24,305
Net Assets - Unrestricted, beginning of year	419,341	395,036
	<hr/>	<hr/>
Net Assets - Unrestricted, end of year	<u>\$ 489,408</u>	<u>\$ 419,341</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, 2018

	<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	\$ 254,250	\$ 29,541	\$ 283,791	\$ 83,347	\$ 367,138
Payroll Taxes	19,416	2,199	21,615	6,351	27,966
Fringe Benefits	7,579	-	7,579	4,866	12,445
Payroll Processing Fees	2,737	-	2,737	-	2,737
Supplies	19,786	25,534	45,320	785	46,105
Computer Center	872	-	872	-	872
Maintenance and Cleaning	9,835	-	9,835	1,025	10,860
Professional Services	839	-	839	9,375	10,214
Advertising	-	-	-	1,459	1,459
Utilities	2,065	8,525	10,590	695	11,285
Special Events	2,785	-	2,785	141	2,926
Insurance	12,435	-	12,435	-	12,435
Taxes and Licenses	-	-	-	280	280
Dues and Subscriptions	-	-	-	2,060	2,060
Training and Seminars	495	-	495	304	799
Rent	1,800	-	1,800	-	1,800
Other	265	117	382	1,198	1,580
Total Expenses before Depreciation	335,159	65,916	401,075	111,886	512,961
Depreciation	698	194	892	480	1,372
Total Expenses	\$ 335,857	\$ 66,110	\$ 401,967	\$ 112,366	\$ 514,333

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>	
	Community Day Care	Meals	Total Program Services	Management and General	Total All Funds
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.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

CASH FLOWS FROM OPERATING ACTIVITIES	<u>2018</u>	<u>2017</u>
Change in Net Assets	\$ 70,067	\$ 24,305
Adjustments to reconcile net income to net cash used by operating activities:		
Depreciation	1,372	920
(Increase) Decrease in:		
County Government Receivable	-	(7,508)
Child Care Assistance Receivable	559	1,710
Child Care Food Program Receivable	(928)	695
Prepaid Expenses	(1,800)	-
Increase (Decrease) in:		
Accounts Payable and Accrued Expenses	<u>4,608</u>	<u>(2,358)</u>
Net Cash Provided (Used) by Operating Activities	<u>73,878</u>	<u>17,764</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
(Purchase) Redemption of Certificates of Deposit	10,000	-
(Purchase) Disposal of Furniture and Equipment	<u>(9,456)</u>	<u>(3,262)</u>
Net Cash Provided (Used) by Investing Activities	<u>544</u>	<u>(3,262)</u>
Net Increase (Decrease) in Cash	74,422	14,502
Cash, beginning of year	<u>250,296</u>	<u>235,794</u>
Cash, end of year	<u>\$ 324,718</u>	<u>\$ 250,296</u>

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

COMMUNITY CHILD CARE, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

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, 2018 and 2017.

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, 2018 and 2017.

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 \$140,000 and \$150,000 as of June 30, 2018 and 2017, respectively.

COMMUNITY CHILD CARE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018 AND 2017

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, 2018 and June 30, 2017.

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.

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.

COMMUNITY CHILD CARE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018 AND 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2015 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.

4. PENSION PLAN

The Organization has a defined contribution pension plan for all eligible employees. The employer contributes up to 6% of each participants salary, depending on the employee's length of service. Employer contributions for the years ended June 30, 2018 and 2017 were \$12,445 and \$14,526, respectively.

COMMUNITY CHILD CARE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018 AND 2017

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. The Fifth Third Operating account is currently exceeding the FDIC insured limit.

6. SIGNIFICANT SOURCE OF REVENUE RISK

The Organization receives over 24% and 22% of its revenue from the State of Tennessee Department of Human Services and over 31% and 38% from United Way for child care assistance and child care food programs for the years ended June 30, 2018 and 2017, respectively. A major reduction of funds 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 July 27, 2018 which is the date the financial statements were available to be issued.