

**EARLY CHILDHOOD COUNCIL
LEADERSHIP ALLIANCE**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

TOGETHER WITH INDEPENDENT AUDITORS' REPORT

**EARLY CHILDHOOD COUNCIL
LEADERSHIP ALLIANCE**
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

CONTENTS

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7



March 12, 2019

Independent Auditors' Report

Board of Directors
Early Childhood Council Leadership Alliance
Wheat Ridge, Colorado

We have audited the accompanying statements of **Early Childhood Council Leadership Alliance** (a Colorado nonprofit corporation), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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. 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 evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatements 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 reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

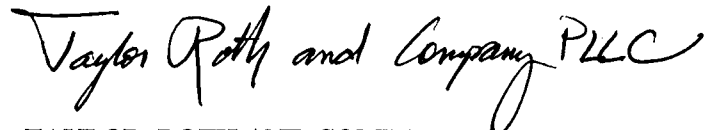
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly in all material respects, the financial position of Early Childhood Council Leadership Alliance as of December 31, 2018, and the changes in its net assets and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We previously audited Early Childhood Council Leadership Alliance's 2017 financial statements and we expressed an unmodified opinion in our report dated March 7, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects with the audited financial information from which it has been derived.



TAYLOR, ROTH AND COMPANY, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

EARLY CHILDHOOD COUNCIL LEADERSHIP ALLIANCE

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018
(WITH COMPARATIVE TOTALS FROM 2017)

	<u>2018</u>	<u>2017</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 92,776	\$ 187,806
Contracts receivable	-	1,626
Prepaid expenses and deposits	4,633	8,040
Property and equipment (Note 3)	10,483	17,122
Total assets	<u>\$ 107,892</u>	<u>\$ 214,594</u>
<u>Liabilities and net assets</u>		
Accounts payable	\$ 3,917	\$ 2,068
Payroll liabilities	6,316	7,711
Deferred income	2,001	11,616
Capital lease obligations (Note 4)	11,437	18,392
Line of credit (Note 5)	-	-
Commitment (Note 6)		
Total liabilities	<u>23,671</u>	<u>39,787</u>
Net assets		
Net assets without donor restrictions	76,089	174,807
Net assets with donor restrictions (Note 7)	8,132	-
Total net assets	<u>84,221</u>	<u>174,807</u>
Total liabilities and net assets	<u>\$ 107,892</u>	<u>\$ 214,594</u>

The accompanying notes are an integral part of these financial statements

EARLY CHILDHOOD COUNCIL LEADERSHIP ALLIANCE

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018
(WITH COMPARATIVE TOTALS FOR 2017)**

	2018			2017
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<u>Revenue and other support</u>				
Foundation awards	\$ 290,000	\$ 33,000	\$ 323,000	\$ 151,500
Earned income - conference	47,113	-	47,113	14,814
ECC membership fees	38,800	-	38,800	44,000
Individual and board donations	7,272	-	7,272	-
Council contributions	4,616	-	4,616	884
Expense reimbursements	2,231	-	2,231	-
Government grants and contracts	-	-	-	210,326
Vendor rebates	-	-	-	19,667
Other grants	-	-	-	2,000
Other	1,780	-	1,780	2,416
Net assets released from donor restrictions (Note 8)	24,868	(24,868)	-	-
Total revenue and other support	416,680	8,132	424,812	445,607
<u>Expense</u>				
Program	353,973	-	353,973	496,221
Supporting services				
Management and general	129,706	-	129,706	159,348
Fundraising	31,719	-	31,719	28,743
Total expense	515,398	-	515,398	684,312
Change in net assets	(98,718)	8,132	(90,586)	(238,705)
Net assets, beginning of year	174,807	-	174,807	413,512
Net assets, end of year	\$ 76,089	\$ 8,132	\$ 84,221	\$ 174,807

The accompanying notes are an integral part of these financial statements

EARLY CHILDHOOD COUNCIL LEADERSHIP ALLIANCE

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018
(WITH COMPARATIVE TOTALS FOR 2017)

	2018				2017
	<u>Supporting Services</u>				
	<u>Program</u>	<u>Management and General</u>	<u>Fund- raising</u>	<u>Total</u>	<u>Total</u>
Salaries	\$ 231,966	\$ 82,476	\$ 19,576	\$ 334,018	\$ 354,481
Payroll taxes and benefits	47,519	16,977	4,112	68,608	68,474
Rent	12,544	11,290	1,254	25,088	23,912
Lobbyist	18,000	-	-	18,000	6,000
Travel	8,978	1,056	528	10,562	13,363
Training services	8,140	-	-	8,140	2,694
Tech IT and software	3,884	3,177	-	7,061	9,736
Accounting services	3,175	2,858	317	6,350	6,100
Grant writer	-	-	4,913	4,913	-
Community outreach	2,539	2,077	-	4,616	472
Legal fees	3,000	-	-	3,000	1,895
Insurance	1,440	1,179	-	2,619	4,569
Consulting services	2,085	521	-	2,606	17,454
Meetings	1,992	234	117	2,343	9,933
Printing and copying	714	850	325	1,889	1,401
Telecommunications	914	822	91	1,827	1,885
Supplies	861	704	-	1,565	4,748
Interest	772	695	77	1,544	1,624
Dues and subscriptions	729	656	73	1,458	1,379
Payroll processing	703	575	-	1,278	1,916
Equipment	48	43	4	95	1,119
Subrecipient contracts	-	-	-	-	56,980
Data and evaluation	-	-	-	-	50,320
ecConnect services	-	-	-	-	35,023
Catering	-	-	-	-	2,036
Other	651	528	-	1,179	160
	<u>350,654</u>	<u>126,718</u>	<u>31,387</u>	<u>508,759</u>	<u>677,674</u>
Depreciation	3,319	2,988	332	6,639	6,638
Total	<u>\$ 353,973</u>	<u>\$ 129,706</u>	<u>\$ 31,719</u>	<u>\$ 515,398</u>	<u>\$ 684,312</u>

The accompanying notes are an integral part of these financial statements

EARLY CHILDHOOD COUNCIL LEADERSHIP ALLIANCE

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018
(WITH COMPARATIVE TOTALS FOR 2017)**

	<u>2018</u>	<u>2017</u>
<u>Cash flows from operating activities</u>		
Change in net assets	\$ (90,586)	\$ (238,705)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	6,639	6,638
<u>Changes in operating assets and liabilities</u>		
Decrease(increase) in grants receivable	-	100,000
Decrease(increase) in contracts receivable	1,626	246,377
Decrease in prepaid assets	3,407	3,773
Increase in accounts payable	1,849	(6,936)
Increase in payroll accruals	(1,395)	3,938
Increase (decrease) in deferred revenue	(9,615)	4,397
Net cash provided by (used in) operating activities	<u>(88,075)</u>	<u>119,482</u>
<u>Cash flows from financing activities</u>		
Repayment on capital lease obligations	<u>(6,955)</u>	<u>(5,908)</u>
Net cash (used in) in financing activities	<u>(6,955)</u>	<u>(5,908)</u>
Net increase (decrease) in cash and cash equivalents	(95,030)	113,574
Cash and cash equivalents, beginning of year	<u>187,806</u>	<u>74,232</u>
Cash and cash equivalents, end of year	<u>\$ 92,776</u>	<u>\$ 187,806</u>
Cash paid during the period for interest	<u>\$ 1,544</u>	<u>\$ 1,624</u>

The accompanying notes are an integral part of these financial statements

EARLY CHILDHOOD COUNCIL LEADERSHIP ALLIANCE

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

NOTE 1 - NATURE OF ACTIVITIES

Early Childhood Council Leadership Alliance (the Organization) was founded under the laws of the State of Colorado in 2013. The Organization is a nonprofit corporation whose mission is to improve the quality, capacity, and equity of services and supports for Colorado's young children and their families through a statewide network of Early Childhood Councils and key stakeholders. The Organization's mission is met through local and statewide collaboration and leadership, program and policy alignment, and scaling innovation. The organization is supported primarily by foundation awards.

The Early Childhood Council Leadership Alliance (ECCLA) is the new home for the T.E.A.C.H. Early Childhood® COLORADO Scholarship Program (T.E.A.C.H.). The T.E.A.C.H. Program offers early childhood education program directors and teachers a pathway to pursue higher education. Access to scholarships for early childhood education is a critical piece to a successful professional development pathway. ECCLA is administering T.E.A.C.H. engaging local Early Childhood Councils in the program, and exploring new opportunities to meet the needs of our state's early childhood workforce. In addition, ECCLA is pleased to have been selected by the National Wildlife Federation as the early childhood partner for ECHO (Early Childhood Health Outdoors), which is designed to ensure all young children in Colorado have daily access to quality outdoor learning environments where play and learning support development across all domains-cognitive, physical, social, and emotional. ECCLA will serve as a primary conduit to the early childhood education community to build recognition, participation, and support for ECHO across the state and with Early Childhood Councils.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES

1. Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

2. Basis of Presentation

The financial statements of Early Childhood Council Leadership Alliance have been prepared in accordance with U.S. generally accepted accounting principles which require the Organization to report its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and board of directors.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (Continued)

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

3. Cash and Cash Equivalents

The Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash and cash equivalents.

4. Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulation regarding how long the contributed asset must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

5. Capitalization and Depreciation

The Organization follows the practice of capitalizing all expenditures for furniture and equipment of \$3,000 or more. The fair value of donated assets is similarly capitalized. Depreciation of furniture and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis.

6. Estimates

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

7. Income Taxes

The Organization has received an Internal Revenue Service exemption from federal income taxes under Section 501(c)(3). Accordingly, no provision or liability for income taxes has been provided in the accompanying financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (Concluded)

8. Functional Reporting of Expenses

For the year ended December 31, 2018, the costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The allocations are determined by management on a rational and systematic basis. Salaries and benefits are allocated on a time and effort basis. Office rent is allocated on square footage. Travel expenses are allocated by an analysis of the specific travel expenses incurred and the Executive Director's time and effort. Tech IT and software, and accounting services are allocated by an analysis of the expenses incurred and square footage.

9. Summarized Prior-Year Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2017, from which they were derived.

10. Subsequent Events

Management has evaluated subsequent events through March 12, 2019, the date the financial statements were available to be issued.

11. New Accounting Pronouncement

On August 18, 2016, The Financial Accounting Standards Board issued ASU 2016-14, Not-For-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses net asset classification, information about liquidity, information provided about expenses, and consistency in reporting investment return. The Organization has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

<u>Description</u>	<u>Amount</u>
Leased equipment	\$ 27,080
Less: accumulated depreciation	<u>(16,597)</u>
Net property and equipment	<u>\$ 10,483</u>

Depreciation expense for the year was \$6,639.

NOTE 4 - CAPITAL LEASE OBLIGATIONS

The Organization has acquired a photocopier and a telephone system under capital leasing arrangements. Future lease obligation payments under the agreements are as follows:

<u>Year</u>	<u>Amount</u>
2019	\$ 5,625
2020	4,188
2021	<u>3,490</u>
Total payments	13,303
Less: amount representing interest	<u>(1,866)</u>
Present value of capital lease obligations	<u>\$ 11,437</u>

NOTE 5 - LINE OF CREDIT

The Organization opted to close the line of credit in 2017.

NOTE 6 - COMMITMENT

During the year, the Organization leased office space in Wheat Ridge, Colorado. Future lease obligation payments under the agreement are as follows:

<u>Year</u>	<u>Amount</u>
2019	<u>\$ 17,248</u>

NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS

At year-end, temporarily restricted net assets were available for the following program purposes:

<u>Description</u>	<u>Amount</u>
Capacity building	<u>\$ 8,132</u>

NOTE 8 - NET ASSETS RELEASED FROM RESTRICTIONS

During the year, net assets were released from donor restrictions by incurring expenses satisfying the restricted program purposes:

<u>Description</u>	<u>Amount</u>
Capacity building	\$ 16,868
Early Childhood Council Leadership Forum	<u>8,000</u>
Total	<u>\$ 24,868</u>

NOTE 9 - AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets at December 31, 2018:

<u>Financial assets at year-end:</u>	<u>Amount</u>
Cash and cash equivalents	\$ 92,776
Less amounts not available for general expenditures Within one year due to:	
Donor purpose restrictions	<u>(8,132)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 84,644</u>

The Organization's goal is generally to maintain financial assets to meet two months of operating expenses.

NOTE 10 - PENSION PLAN

The Organization has established a Simple IRA retirement plan. The Organization contributes 2% of each eligible employee's salary to the plan. Pension expense for the year was \$6,705.

NOTE 11 - CONCENTRATION OF REVENUE SOURCES

The Organization is primarily supported by foundations awards. In 2018, two foundations awarded \$100,000 each to the organization or 47% of the Organization's total revenue.

NOTE 12 - RELATED PARTIES

The Board of Directors consists mostly of individuals employed by member organizations. Members have received services from the Organization, paid member dues and made contributions to the Organization.