

**EARLY CHILDHOOD COUNCIL
LEADERSHIP ALLIANCE**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

TOGETHER WITH INDEPENDENT AUDITORS' REPORT

**EARLY CHILDHOOD COUNCIL
LEADERSHIP ALLIANCE**
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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 4, 2020

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, 2019, 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, 2019, 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 2018 financial statements and we expressed an unmodified opinion in our report dated March 12, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects with the audited financial information from which it has been derived.

Taylor Roth and Company PLLC
TAYLOR, ROTH AND COMPANY, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

EARLY CHILDHOOD COUNCIL LEADERSHIP ALLIANCE

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2019

(WITH COMPARATIVE TOTALS FROM 2018)

	<u>2019</u>	<u>2018</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 566,203	\$ 92,776
Contracts receivable	5,823	-
Member dues receivable	7,150	-
Mile High United Way receivable	12,500	-
Prepaid expenses and deposits	5,498	4,633
Property and equipment (Note 3)	5,373	10,483
Total assets	<u>\$ 602,547</u>	<u>\$ 107,892</u>
 <u>Liabilities and net assets</u>		
Accounts payable	8,999	3,917
Payroll liabilities	4,760	6,316
Deferred income	70,002	2,001
Capital lease obligation (Note 4)	7,120	11,437
Commitment (Note 5)		
Total liabilities	<u>90,881</u>	<u>23,671</u>
 <u>Net assets</u>		
Net assets without donor restrictions	131,996	76,089
Net assets with donor restrictions (Note 6)	379,670	8,132
Total net assets	<u>511,666</u>	<u>84,221</u>
Total liabilities and net assets	<u>\$ 602,547</u>	<u>\$ 107,892</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, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

	2019			2018
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<u>Revenue and other support</u>				
Foundation awards	\$ 203,000	\$ 585,000	\$ 788,000	\$ 323,000
Grants and contracts	188,039	-	188,039	-
Earned income - conference	40,376	-	40,376	47,113
ECC membership fees	43,000	-	43,000	38,800
Mile High United Way	-	37,500	37,500	-
Corporate awards	4,921	-	4,921	-
Individual and board donations	1,393	1,000	2,393	7,272
Interest income	745	-	745	-
Council contributions	-	-	-	4,616
Other	1,530	-	1,530	4,011
In-kind donations (Note 7)	5,390	-	5,390	-
Net assets released				
from donor restrictions (Note 8)	251,962	(251,962)	-	-
Total revenue and other support	740,356	371,538	1,111,894	424,812
<u>Expense</u>				
Program	541,359	-	541,359	353,973
Supporting services				
Management and general	127,165	-	127,165	129,706
Fundraising	15,925	-	15,925	31,719
Total expense	684,449	-	684,449	515,398
Change in net assets	55,907	371,538	427,445	(90,586)
Net assets, beginning of year	76,089	8,132	84,221	174,807
Net assets, end of year	\$ 131,996	\$ 379,670	\$ 511,666	\$ 84,221

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, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

	2019				2018
	<u>Supporting Services</u>				
	<u>Program</u>	<u>Management and General</u>	<u>Fund- raising</u>	<u>Total</u>	<u>Total</u>
Salaries	\$ 285,710	\$ 64,285	\$ 7,142	\$ 357,137	\$ 334,018
Payroll taxes and benefits	54,837	12,338	1,371	68,546	68,608
Scholarship expense	131,772	-	-	131,772	-
Rent	16,642	8,321	1,040	26,003	25,088
Contract executive director	7,691	7,691	5,128	20,510	-
Business plan consulting	-	15,055	-	15,055	-
Travel	9,086	1,069	534	10,689	10,562
Lobbyist	9,375	-	-	9,375	18,000
Tech IT and software	5,433	2,556	-	7,989	7,061
Accounting services	-	6,582	-	6,582	6,350
Printing and copying	2,934	1,467	183	4,584	1,889
Telecommunications	2,309	1,155	144	3,608	1,827
Insurance	2,364	1,112	-	3,476	2,619
Supplies	1,892	890	-	2,782	1,565
T.E.A.C.H. license fees	2,283	-	-	2,283	-
Meetings	1,795	211	106	2,112	2,343
Payroll processing	1,168	549	-	1,717	1,278
Interest	-	1,343	-	1,343	1,544
Dues and subscriptions	660	330	42	1,032	1,458
Consulting services	580	145	-	725	2,606
Training services	414	-	-	414	8,140
Equipment	224	112	14	350	95
Grant writer	-	-	-	-	4,913
Community outreach	-	-	-	-	4,616
Legal fees	-	-	-	-	3,000
Other	920	319	16	1,255	1,179
	<u>538,089</u>	<u>125,530</u>	<u>15,720</u>	<u>679,339</u>	<u>508,759</u>
Depreciation	<u>3,270</u>	<u>1,635</u>	<u>205</u>	<u>5,110</u>	<u>6,639</u>
Total	<u>\$ 541,359</u>	<u>\$ 127,165</u>	<u>\$ 15,925</u>	<u>\$ 684,449</u>	<u>\$ 515,398</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, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

	2019	2018
<u>Cash flows from operating activities</u>		
Change in net assets	\$ 427,445	\$ (90,586)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	5,110	6,639
<u>Changes in operating assets and liabilities</u>		
Decrease(increase) in grants receivable	(12,500)	-
Decrease(increase) in contracts receivable	(5,823)	1,626
Decrease(increase) in member dues receivable	(7,150)	-
Decrease in prepaid assets	(865)	3,407
Increase in accounts payable	5,082	1,849
Increase in payroll accruals	(1,556)	(1,395)
Increase (decrease) in deferred revenue	68,001	(9,615)
Net cash provided by (used in) operating activities	477,744	(88,075)
<u>Cash flows from financing activities</u>		
Repayment on capital lease obligations	(4,317)	(6,955)
Net cash (used in) in financing activities	(4,317)	(6,955)
Net increase (decrease) in cash and cash equivalents	473,427	(95,030)
Cash and cash equivalents, beginning of year	92,776	187,806
Cash and cash equivalents, end of year	\$ 566,203	\$ 92,776
Cash paid during the period for interest	\$ 1,343	\$ 1,544

The accompanying notes are an integral part of these financial statements

EARLY CHILDHOOD COUNCIL LEADERSHIP ALLIANCE

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

NOTE 1 - NATURE OF ACTIVITIES

Early Childhood Council Leadership Alliance (the Organization) (ECCLA) was initially formed in 1998 as an informal collaborative among Early Childhood Councils to support each other, align efforts, communicate grant management information, share best practices, and provide local input to state policy decisions. In 2012, because of changes to the statewide system, Councils identified the need to develop an independent support organization. As a result, ECCLA was established in 2013 as an independent 501(c)(3) nonprofit, and in 2014 launched formally as a membership association. Today, ECCLA's mission is to improve access to quality services and supports for young children by developing a strong statewide network of Early Childhood Council leaders and key stakeholders

As a membership association, ECCLA supports the Colorado Early Childhood Councils by providing technical assistance and capacity building, implementing shared measurement for collective impact, advocating for policies affecting early childhood issues, leveraging statewide partnerships, and serving as the voice for Colorado's 34 Early Childhood Councils. The non-profit organization employs six full-time employees that are directly involved with the collective council support initiatives. Additionally, ECCLA houses and administers several EC programs including the T.E.A.C.H. Early Childhood® Colorado Scholarship, planning and implementation of the annual Rocky Mountain Early Childhood Conference, and partnership programs with Mental Health Colorado and Early Childhood Outdoors (ECHO). The organization is supported primarily by foundation awards and grants and contracts.

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.

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.

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. 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.

5. 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.

6. 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.

7. Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

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

8. Functional Reporting of Expenses

For the year ended December 31, 2019, 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 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, 2018, from which they were derived.

10. Subsequent Events

Management has evaluated subsequent events through March 4, 2020, the date the financial statements were available to be issued.

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

<u>Description</u>	<u>Amount</u>
Leased equipment	\$ 17,906
Equipment	<u>9,174</u>
Total	27,080
Less: accumulated depreciation	<u>(21,707)</u>
Net property and equipment	<u>\$ 5,373</u>

Depreciation expense for the year was \$5,110.

NOTE 4 - CAPITAL LEASE OBLIGATION

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

<u>Year</u>	<u>Amount</u>
2020	\$ 4,188
2021	<u>3,490</u>
Total payments	7,678
Less: amount representing interest	<u>(558)</u>
Present value of capital lease obligations	<u>\$ 7,120</u>

NOTE 5 - COMMITMENT

In 2016, the Organization signed an agreement to lease office space in Wheat Ridge, Colorado. In 2019, the agreement was extended for another three years. Future lease obligation payments under the agreement are as follows:

<u>Year</u>	<u>Amount</u>
2020	\$ 26,395
2021	26,787
2022	<u>18,032</u>
Total	<u>\$ 71,214</u>

NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS

At year-end, net assets with donor restrictions were available for the following program purposes:

<u>Description</u>	<u>Amount</u>
Family Child Care Home Improvement	\$ 234,444
T.E.A.C.H. Scholarship Program	89,512
Policy and Advocacy	33,995
Council Impact Tool	14,637
Business Plan	<u>7,082</u>
Total	<u>\$ 379,670</u>

NOTE 7 - IN-KIND CONTRIBUTIONS

During the year, in-kind contributions were received as follows:

<u>Description</u>	<u>Amount</u>
Contract Executive Director services	<u>\$ 5,390</u>

NOTE 8 - NET ASSETS RELEASED FROM DONOR 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>
T.E.A.C.H. Scholarship Program	\$ 108,988
Council Impact Tool	60,363
Capacity building	33,132
Business Plan	17,918
Policy and Advocacy	16,005
Family Child Care Home Improvement	<u>15,556</u>
Total	<u>\$ 251,962</u>

NOTE 9 - 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 \$7,131.

NOTE 10 - CONCENTRATION OF REVENUE SOURCES

The Organization is primarily supported by foundations awards. In 2019, one foundation awarded \$475,000 or 43% of the Organization's total revenue.

NOTE 11 - CONCENTRATION OF CREDIT

The Organization places all of its cash with one financial institution. Amounts in excess of \$250,000 are not insured by the FDIC or a related entity. At year-end, the Organization's checking and savings account balances total approximately \$569,722.

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.

NOTE 13 - AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets at December 31, 2019:

<u>Financial assets at year-end:</u>	<u>Amount</u>
Cash and cash equivalents	\$ 566,203
Contracts, member dues and Mile High United Way receivables	<u>25,473</u>
Financial assets available to meet general expenditures within one year	<u>\$ 591,676</u>

The Organization's goal is generally to maintain financial assets to meet six months of operating expenses. Management considers donor restricted contributions that will be used within one year as part of its ordinary operations, as being available for general expenditures.