

**EARLY CHILDHOOD COUNCIL
LEADERSHIP ALLIANCE**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

TOGETHER WITH INDEPENDENT AUDITORS' REPORT

**EARLY CHILDHOOD COUNCIL
LEADERSHIP ALLIANCE**
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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March 3, 2021

Independent Auditors' Report

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

Opinion

We have audited the accompanying financial statements of the Early Childhood Council Leadership Alliance (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Early Childhood Council Leadership Alliance as of December 31, 2020, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Early Childhood Council Leadership Alliance and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Early Childhood Council Leadership Alliance's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

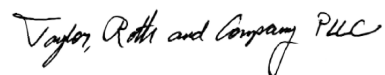
In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Early Childhood Council Leadership Alliance's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Early Childhood Council Leadership Alliance's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the Early Childhood Council Leadership Alliance's 2019 financial statements and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 4, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.



TAYLOR, ROTH AND COMPANY, PLLC
CERTIFIED PUBLIC ACCOUNTANTS
DENVER, COLORADO

EARLY CHILDHOOD COUNCIL LEADERSHIP ALLIANCE

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020
(WITH COMPARATIVE TOTALS FROM 2019)

	<u>2020</u>	<u>2019</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 625,440	\$ 566,203
Contracts receivable	-	5,823
Member dues receivable	7,850	7,150
Mile High United Way receivable	12,500	12,500
Prepaid expenses and deposits	5,992	5,498
Property and equipment (Note 3)	1,792	5,373
Total assets	<u>\$ 653,574</u>	<u>\$ 602,547</u>
 <u>Liabilities and net assets</u>		
Accounts payable	2,229	8,999
Payroll liabilities	7,650	4,760
Deferred income	67,574	70,002
Capital lease obligation (Note 4)	3,365	7,120
Note payable (Note 5)	79,300	-
Commitment (Note 6)		
Total liabilities	<u>160,118</u>	<u>90,881</u>
 Net assets		
Without donor restrictions		
Undesignated	79,025	131,996
Board designated operating reserve	25,000	-
Executive Director designated operating reserve	10,000	-
	<u>114,025</u>	<u>131,996</u>
With donor restrictions (Note 7)	<u>379,431</u>	<u>379,670</u>
Total net assets	<u>493,456</u>	<u>511,666</u>
Total liabilities and net assets	<u>\$ 653,574</u>	<u>\$ 602,547</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, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<u>Revenue and other support</u>				
Foundation awards	\$ 175,037	\$ 460,500	\$ 635,537	\$ 788,000
Mile High United Way	-	164,323	164,323	37,500
Grants and contracts	112,616	-	112,616	188,039
ECC membership fees	58,550	-	58,550	43,000
Earned income - conference	15,000	-	15,000	40,376
Expense reimbursements	2,500	-	2,500	440
Individual and board donations	122	1,250	1,372	2,393
Interest income	691	-	691	745
Corporate awards	-	-	-	4,921
Other	466	-	466	1,090
In-kind donations	-	-	-	5,390
Net assets released from donor restrictions (Note 8)	626,312	(626,312)	-	-
Total revenue and other support	991,294	(239)	991,055	1,111,894
<u>Expense</u>				
Program	850,562	-	850,562	541,359
Supporting services				
Management and general	134,870	-	134,870	127,165
Fundraising	23,833	-	23,833	15,925
Total expense	1,009,265	-	1,009,265	684,449
Change in net assets	(17,971)	(239)	(18,210)	427,445
Net assets, beginning of year	131,996	379,670	511,666	84,221
Net assets, end of year	\$ 114,025	\$ 379,431	\$ 493,456	\$ 511,666

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, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

	2020				2019
	Supporting Services				
	Program	Management and General	Fund- raising	Total	Total
Salaries	\$ 253,832	\$ 91,017	\$ 17,768	\$ 362,617	\$ 357,137
Payroll taxes and benefits	38,087	13,657	2,666	54,410	68,546
Grants to others	344,951	-	-	344,951	-
Scholarship expense	139,607	-	-	139,607	131,772
Lobbyist	28,125	-	-	28,125	9,375
Rent	14,703	9,028	2,064	25,795	26,003
Tech IT and software	5,260	2,833	-	8,093	7,989
Accounting services	-	6,675	-	6,675	6,582
Equipment	3,167	1,945	445	5,557	350
Supplies	3,039	1,637	-	4,676	2,782
Insurance	2,893	1,558	-	4,451	3,476
Telecommunications	2,435	1,495	342	4,272	3,608
Consulting services	2,584	646	-	3,230	725
T.E.A.C.H. license fees	2,847	-	-	2,847	2,283
Payroll processing	1,490	803	-	2,293	1,717
Printing and copying	773	475	109	1,357	4,584
Travel	1,146	135	67	1,348	10,689
Interest	-	1,057	-	1,057	1,343
Bank fees	512	418	-	930	256
Meetings	495	58	29	582	2,112
Advertising	530	-	-	530	427
Training services	483	-	-	483	414
Contract executive director	-	-	-	-	20,510
Business plan consulting	-	-	-	-	15,055
Other	1,562	180	56	1,798	1,604
	848,521	133,617	23,546	1,005,684	679,339
Depreciation	2,041	1,253	287	3,581	5,110
Total	\$ 850,562	\$ 134,870	\$ 23,833	\$ 1,009,265	\$ 684,449

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, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

	<u>2020</u>	<u>2019</u>
<u>Cash flows from operating activities</u>		
Change in net assets	\$ (18,210)	\$ 427,445
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	3,581	5,110
<u>Changes in operating assets and liabilities</u>		
Decrease(increase) in grants receivable	-	(12,500)
Decrease(increase) in contracts receivable	5,823	(5,823)
Decrease(increase) in member dues receivable	(700)	(7,150)
Decrease in prepaid assets	(494)	(865)
Increase (decrease) in accounts payable	(6,770)	5,082
Increase (decrease) in payroll accruals	2,890	(1,556)
Increase (decrease) in deferred revenue	(2,428)	68,001
Net cash provided by (used in) operating activities	<u>(16,308)</u>	<u>477,744</u>
<u>Cash flows from financing activities</u>		
Repayment on capital lease obligations	(3,755)	(4,317)
Borrowing on a note payable	79,300	-
Net cash provided (used) in financing activities	<u>75,545</u>	<u>(4,317)</u>
Net increase (decrease) in cash and cash equivalents	59,237	473,427
Cash and cash equivalents, beginning of year	<u>566,203</u>	<u>92,776</u>
Cash and cash equivalents, end of year	<u>\$ 625,440</u>	<u>\$ 566,203</u>
Cash paid during the period for interest	<u>\$ 1,057</u>	<u>\$ 1,343</u>

The accompanying notes are an integral part of these financial statements

EARLY CHILDHOOD COUNCIL LEADERSHIP ALLIANCE

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

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 system of Colorado Early Childhood Councils by providing technical assistance, capacity building, shared measurement, and advocacy for policies affecting the early childhood system, leveraging statewide partnerships and serving as a united voice for Colorado's 34 Early Childhood Councils. The nonprofit has five full time equivalent positions. In addition, ECCLA also facilitates the T.E.A.C.H. Early Childhood® Colorado Scholarship program and the Family Child Care Home Initiative to support workforce development across the state. The organization is supported primarily by foundation awards, Mile High United Way, 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.

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.

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

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.

8. Functional Reporting of Expenses

For the year ended December 31, 2020, 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, 2019, from which they were derived.

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

10. Revenue and Revenue Recognition

The Organization recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received; conditional promises to give with a measurable performance barrier and a right of return are not recognized until the conditions on which they depend have been met.

11. New Accounting Pronouncement

The Organization adopted Accounting Standards Update (ASU) No. 2018-08 – Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The standards update provides enhanced guidance to assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal transactions) and (2) determining whether a contribution is conditional. The accounting guidance may delay revenue recognition for certain grants and contributions that no longer meet the definition of unconditional. The Organization does not believe the application of the provisions of the standards update materially changed the recognition of contributions received during the year.

12. Subsequent Events

Management has evaluated subsequent events through March 3, 2021, 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>(25,288)</u>
Net property and equipment	<u>\$ 1,792</u>

Depreciation expense for the year was \$3,581.

NOTE 4 - CAPITAL LEASE OBLIGATION

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

<u>Year</u>	<u>Amount</u>
2021	\$ 3,490
Less: amount representing interest	<u>(125)</u>
Present value of capital lease obligations	<u>\$ 3,365</u>

NOTE 5 - PAYCHECK PROTECTION PROGRAM LOAN

On April 23, 2020, the Organization received a \$79,300 loan under the Small Business Administration's (SBA) Paycheck Protection Program (PPP) authorized under the Coronavirus Aid, Relief, and Economic Security Act (the Cares Act). Under the program, this loan may be partially or fully forgiven if certain eligibility requirements are met. The loan is being tracked as a refundable advance of a conditional contribution until such time that the loan has been explicitly forgiven by the SBA. At such time that the loan is forgiven, the conditions will be considered met and the Organization will recognize contribution revenue in the amount of the loan forgiveness.

In the case that the loan is not forgiven in its entirety, the outstanding balance is payable in equal amounts required to fully amortize the principal amount outstanding on the note by the maturity date of April 1, 2022. The loan is unsecured, and the interest is charged at 1% per annum.

NOTE 6 - 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>
2021	\$ 26,787
2022	<u>18,032</u>
Total	<u>\$ 44,819</u>

NOTE 7 - 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	\$ 250,000
T.E.A.C.H. Scholarship Program	<u>129,431</u>
Total	<u>\$ 379,431</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>
Family Child Care Home Improvement	\$ 234,443
Keep the Lights On	189,323
T.E.A.C.H. Scholarship Program	136,332
Policy and Advocacy	33,995
Council Impact Tool	14,637
Census Information Materials	10,500
Business Plan	<u>7,082</u>
Total	<u>\$ 626,312</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 \$7,189.

NOTE 10 - CONCENTRATION OF REVENUE SOURCES

The Organization is primarily supported by foundations awards. In 2020, one foundation awarded \$300,000 or 30% of the Organization's total revenue and a second foundation provided \$250,000 or 25% 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 \$625,985.

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. No board members have individually received a payment from the organization for services provided.

NOTE 13 - AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets at December 31, 2020:

<u>Financial assets at year-end:</u>	<u>Amount</u>
Cash and cash equivalents	\$ 625,440
Contracts, member dues and Mile High United Way receivables	<u>20,586</u>
	<u>646,026</u>
Less amounts not available for general expenditures within one year due to: Donor purpose restrictions	<u>(88,235)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 557,791</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.