

ELLA BAKER/CHARLES ROMAIN
CHILD DEVELOPMENT CENTER, INC.
Financial Statements
June 30, 2024 and 2023
(With Independent Auditors' Report Thereon)

ELLA BAKER/CHARLES ROMAIN CHILD DEVELOPMENT CENTER, INC.

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1 - 3
Management's Discussion and Analysis	4 - 11
Financial Statements:	
Statements of Net Position	12
Statements of Revenue, Expenses and Changes in Net Position	13
Statement of Functional Expenses	14 - 15
Statements of Cash Flows	16
Notes to Financial Statements	17 - 20

* * * * *

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Ella Baker/Charles Romain Child
Development Center, Inc.:

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Ella Baker/Charles Romain Child Development Center, Inc. (the Center), as of and for the years ended June 30, 2024 and 2023, and the related notes to financial statements, which collectively comprise the Center's financial statements as listed in the table of contents.

In our opinion, the financial statements present fairly, in all material respects, the net position of Ella Baker/Charles Romain Child Development Center, Inc. as of June 30, 2024 and 2023 and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Center and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 these 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 Center's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' 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 auditors' 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 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 audits.
- 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 audits 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 Center'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 Center'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 audits.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other

knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

EFPR Group, CPAs, PLLC

Williamsville, New York
September 17, 2024

ELLA BAKER/CHARLES ROMAIN CHILD DEVELOPMENT CENTER, INC.

Management's Discussion and Analysis

June 30, 2024 and 2023

The intent of the Management Discussion and Analysis (MD&A) data is to provide readers with a comprehensive overview of Ella Baker/Charles Romain Child Development Center, Inc. (the Center) financial position as of June 30, 2024 and 2023, and the changes in its net position for the years then ended. The MD&A focuses on current activities, resulting in changes and relevant facts. The readers should read this document in conjunction with the accompanying audited financial statements and related notes.

Financial Highlights

- Net position decreased by \$96,658 or 15%.
- Operating revenue decreased by \$140,758 or 12%.
- Operating expenses increased by \$92,597 or 9%.

Financial Position

The Center's net position is determined by the difference between its assets and liabilities. This mechanism is also an effective tool for measuring the Center's financial health. The increases and decreases in the Center's net position over time are a primary indicator of the Center's fiscal health.

Statements of Net Position

The following summarizes the Center's assets, liabilities and net position as of June 30, 2024 and 2023, under the accrual basis of accounting:

	<u>2024</u>	<u>2023</u>	<u>Dollar change</u>	<u>Percent change</u>
Total current assets	\$ <u>604,707</u>	<u>688,939</u>	<u>(84,232)</u>	(12%)
Total liabilities	<u>71,875</u>	<u>59,449</u>	<u>12,426</u>	21%
Total net position	\$ <u>532,832</u>	<u>629,490</u>	<u>(96,658)</u>	(15%)

As of June 30, 2024, the Center's total net position decreased by \$96,658, or 15%, compared to the previous year.

As of June 30, 2024, the Center's total current assets decreased by \$84,232, or 12%, compared to the previous year. This decline is primarily due to a decrease in cash and equivalents, which fell by \$137,984. The reduction can be attributed to the timing of cash flows, reflecting differences in the receipt and disbursement of funds at the end of the year. The decrease was offset by an increase in receivables of \$53,752. The increase in receivables indicates that more funds are expected to be collected from C-campus and State grants of \$223,161 and \$122,000, respectively, in the near future, which could positively impact the Center's liquidity position moving forward.

ELLA BAKER/CHARLES ROMAIN CHILD DEVELOPMENT CENTER, INC.

Management's Discussion and Analysis, Continued

As of June 30, 2024, the Center's total liabilities increased by \$12,426, or 21%, compared to the previous year. This increase is primarily due to higher accrued liabilities, including salaries and wages. The increase in total liabilities reflects a growth in the Center's short-term obligations that were incurred during the year; however, these accrued expenses are expected to be settled in the normal course of operations.

The following summarizes the Center's assets, liabilities, and net position as of June 30, 2023 and 2022, under the accrual basis of accounting:

	<u>2023</u>	<u>2022</u>	<u>Dollar change</u>	<u>Percent change</u>
Total current assets	\$ <u>688,939</u>	<u>534,866</u>	<u>154,073</u>	29%
Total liabilities	<u>59,449</u>	<u>42,073</u>	<u>17,376</u>	41%
Total net position	\$ <u>629,490</u>	<u>492,793</u>	<u>136,697</u>	28%

On June 30, 2023, the Center's total net position increased by \$136,697, or 28%, compared to the previous year.

On June 30, 2023, the Center's total current assets increased by \$154,073, or 29%, compared to the previous year. The majority of the variance can be attributed to two significant factors: an increase in receivables and a growth in cash and equivalents of \$88,713 and \$65,360, respectively. The Center's commitment to efficient credit control and collection practices has significantly improved the receivables position. The Center's disciplined approach to managing cash and equivalents has allowed for optimal utilization of funds.

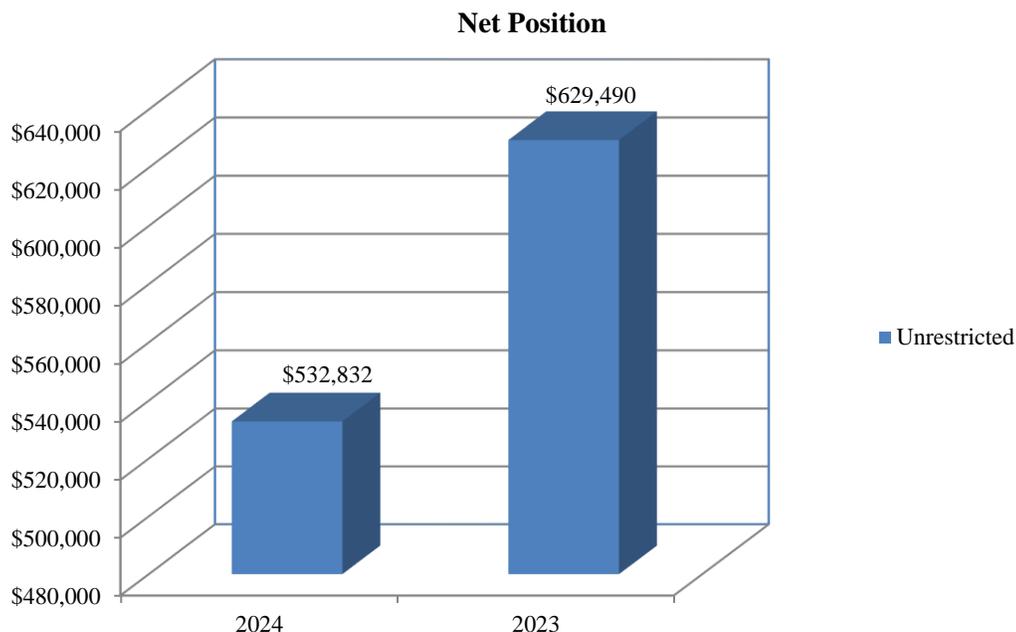
At June 30, 2023, the Center's total liabilities increased by \$17,376 or 41% compared to the previous year. This result is attributed to an increase in accounts payable and accrued salaries and wages.

There were no other significant or unexpected changes in the Center's assets and liabilities.

ELLA BAKER/CHARLES ROMAIN CHILD DEVELOPMENT CENTER, INC.

Management's Discussion and Analysis, Continued

The following illustrates the Center's net position at June 30, 2024 and 2023 by category:



Statements of Revenue, Expenses and Changes in Net Position

The statements of revenue, expenses, and changes in net position represent the operating state of the Center and the non-operating revenue and expenses, if any. The major components of revenue for the years ended June 30, 2024 and 2023 are as follows:

Revenue

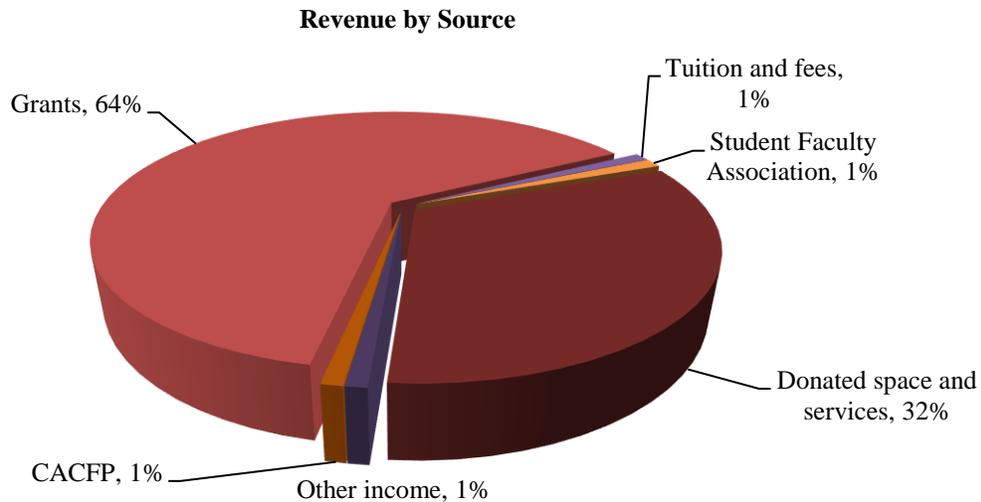
	<u>2024</u>	<u>2023</u>	<u>Dollar change</u>	<u>Percent change</u>
Operating revenue:				
Grants	\$ 634,297	732,049	(97,752)	(13%)
CACFP	18,709	-	18,709	100%
Tuition and fees	8,240	4,764	3,476	73%
Student Faculty Association	18,477	12,950	5,527	43%
Donated space and services	317,713	377,605	(59,892)	(16%)
Other income	<u>279</u>	<u>11,105</u>	<u>(10,826)</u>	(97%)
Total operating revenue	\$ <u>997,715</u>	<u>1,138,473</u>	<u>(140,758)</u>	(12%)

ELLA BAKER/CHARLES ROMAIN CHILD DEVELOPMENT CENTER, INC.

Management's Discussion and Analysis, Continued

The Center's total revenue for the year ended June 30, 2024, amounted to \$997,715, representing a decrease of \$140,758, or 12%, compared to the previous year. The major contributing factors to this variance include a decrease in grants and donated space and services, which declined by \$97,752 and \$59,892, respectively. The decrease in grant revenue is primarily due to the reductions in Federal Block Grant and Federal C-Campus grants of \$100,848 and \$20,706, respectively. The decline in Federal Block Grants is attributed to fewer student-parents qualifying for participation in the program. Meanwhile, the reductions in the Federal C-Campus grant resulted from a decrease in the grant allocation. These decreases were primarily offset by an increase in New York State grants of \$22,106 and an increase in New York City Grants UPK of \$9,446. The changes in the grant revenue reflect shifts in eligibility and allocation that impacted the Center's funding sources, highlighting the need for strategic adjustments to address these fluctuations and maintain financial stability.

The following illustrates the Center's revenue, by source, for the year ended June 30, 2024:



Grants and donated space and services represent 64% and 32% of the total revenue, respectively.

There were no other significant or unexpected changes in the Center's revenue.

ELLA BAKER/CHARLES ROMAIN CHILD DEVELOPMENT CENTER, INC.

Management's Discussion and Analysis, Continued

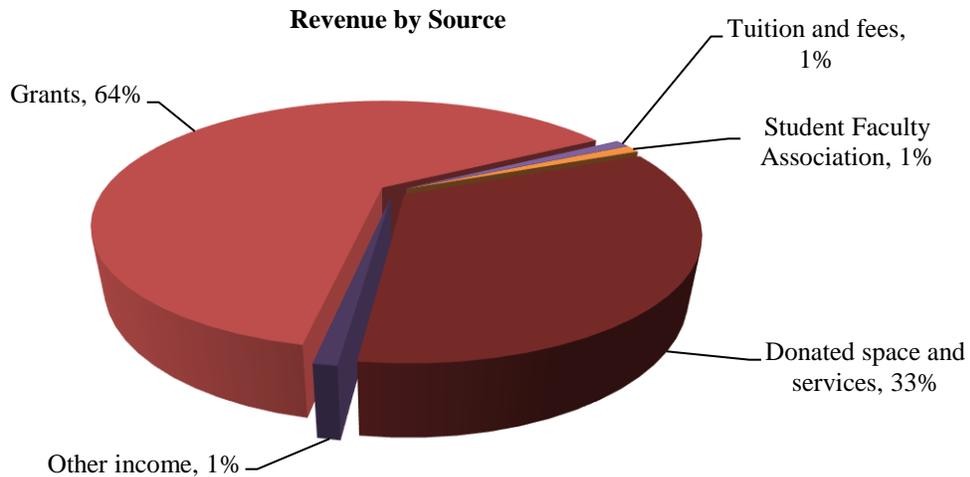
The major components of revenue for the years ended June 30, 2023 and 2022 are as follows:

Revenue

	<u>2023</u>	<u>2022</u>	<u>Dollar change</u>	<u>Percent change</u>
Operating revenue:				
Grants	\$ 732,049	599,888	132,161	22%
CACFP	-	2,904	(2,904)	(100%)
Tuition and fees	4,764	2,820	1,944	69%
Student Faculty Association	12,950	20,254	(7,304)	(36%)
Donated space and services	377,605	347,443	30,162	9%
Other income	<u>11,105</u>	<u>35,160</u>	<u>(24,055)</u>	<u>(68%)</u>
Total operating revenue	\$ <u>1,138,473</u>	<u>1,008,469</u>	<u>130,004</u>	13%

The Center's total revenue for the year ended June 30, 2023, amounted to \$1,138,473, an increase of \$130,004, or 13%, compared to the previous year. The major contributing factor to this variance is the increase in grants and donated space and services of \$132,161 and \$30,162, respectively. The grants increase is mainly due to the increase in New York City UPK grants, Federal Block Grant, and Federal C-Campus grants of \$141,415, \$100,848, and \$68,063, respectively. New York City Grant UPK increased due to the acquisition of a new contract, which attributed to the provision of additional classrooms for 3-year-olds, demonstrating the Center's ability to adapt to evolving educational needs. Federal Block grants increased due to student-parents qualifying for participation in the program. Federal C-Campus grant increased due to an increase in grant allocation. These increases were offset primarily by a decrease in New York State grants of \$160,842. These increases were also offset by decreases in other income of \$24,055.

The following illustrates the Center's revenue, by source, for the year ended June 30, 2023:



Grants and donated space and services represent 64% and 33% of the total revenue, respectively.

There were no other significant or unexpected changes in the Center's revenue.

ELLA BAKER/CHARLES ROMAIN CHILD DEVELOPMENT CENTER, INC.

Management's Discussion and Analysis, Continued

The major components of expenses for the years ended June 30, 2024 and 2023 are as follows:

Expenses

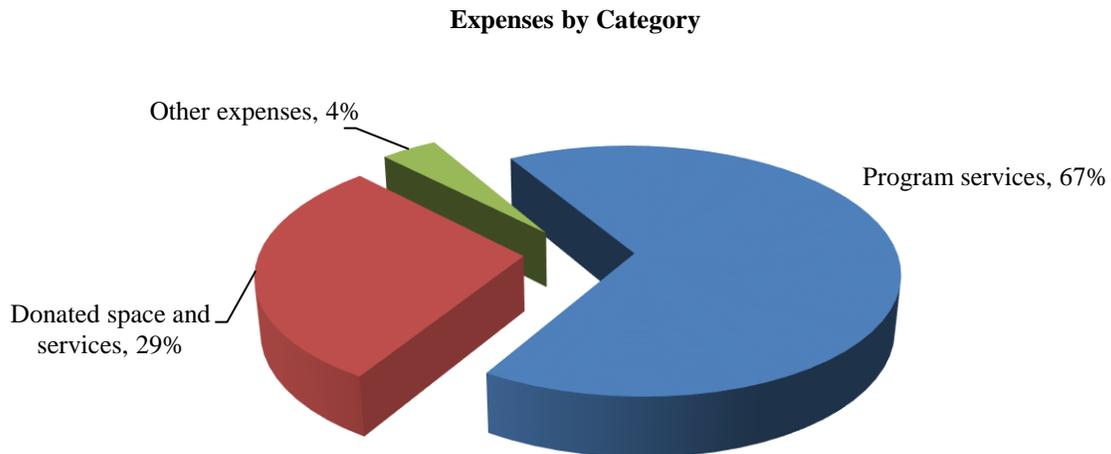
	<u>2024</u>	<u>2023</u>	<u>Dollar change</u>	<u>Percent change</u>
Program services	\$ 733,646	513,641	220,005	43%
Donated space and services	317,713	377,605	(59,892)	(16%)
Other expenses	<u>43,014</u>	<u>110,530</u>	<u>(67,516)</u>	(61%)
Total expenses	\$ <u>1,094,373</u>	<u>1,001,776</u>	<u>92,597</u>	9%

Total expenses for the year ended June 30, 2024, amounted to \$1,094,373, an increase of \$92,597 or 9%, compared to the previous year. The major components contributing to this variance are primarily related to an increase in program services, which rose by \$220,005. The increase in program services expense is mainly due to higher costs for salaries, employee benefits, and food of \$123,223, \$8,287, and \$13,573, respectively. The rise in salaries and employee benefits is attributable to bonuses awarded to staff and changes in the number of employees.

These increases reflect the Center’s commitment to enhancing program services and managing operational challenges, though they also underscore the need for careful financial planning to ensure sustainability.

There were no other significant or unexpected changes in the Center’s expenses.

The following illustrates the Center’s expenses, by category, for the year ended June 30, 2024:



ELLA BAKER/CHARLES ROMAIN CHILD DEVELOPMENT CENTER, INC.

Management's Discussion and Analysis, Continued

The major components of expenses for the years ended June 30, 2023 and 2022 are as follows:

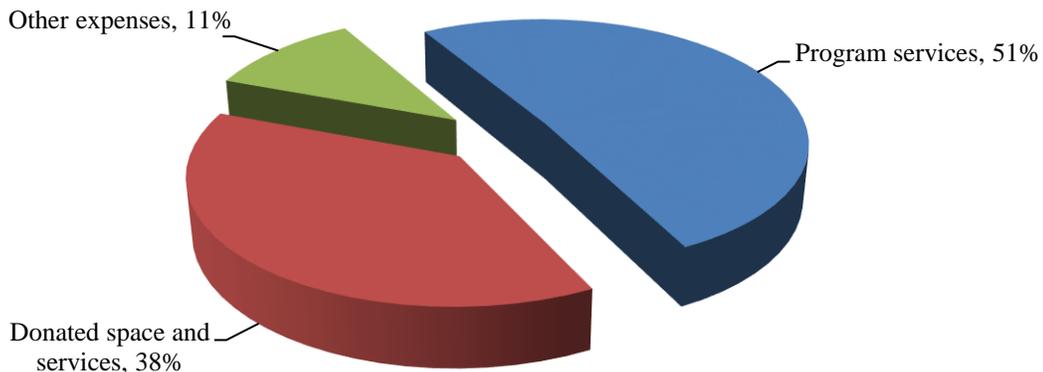
	<u>2023</u>	<u>2022</u>	<u>Dollar change</u>	<u>Percent change</u>
Program services	\$ 513,641	575,521	(61,880)	(11%)
Donated space and services	377,605	347,443	30,162	9%
Other expenses	<u>110,530</u>	<u>178,332</u>	<u>(67,802)</u>	(38%)
Total expenses	\$ <u>1,001,776</u>	<u>1,101,296</u>	<u>(99,520)</u>	(9%)

Total expenses for the year ended June 30, 2023, amounted to \$1,001,776, a decrease of \$99,520 or 9%, compared to the previous year. The major components of the variance are related to decreased program services and other expenses in the amounts of \$61,880 and \$67,802, respectively. Program services decreased mainly due to decreased salaries and employee benefits of \$37,448 and \$24,235, respectively. Salaries and employee benefits decreased due to restructuring and changes in the number of employees. Other expenses decreased mainly because, in fiscal year 2022, the Center incurred bad debt and had to write it off, leading to decreased expenses in fiscal year 2023.

There were no other significant or unexpected changes in the Center's expenses.

The following illustrates the Center's expenses, by category, for the year ended June 30, 2023:

Expenses by Category

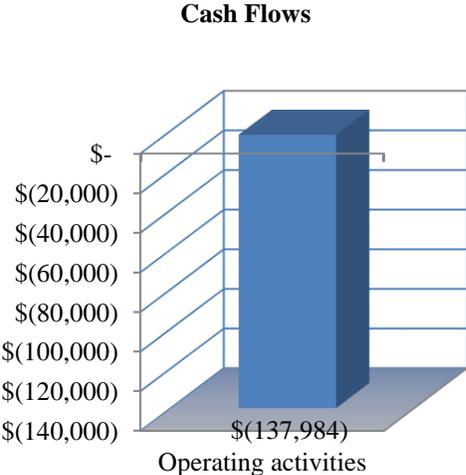


ELLA BAKER/CHARLES ROMAIN CHILD DEVELOPMENT CENTER, INC.

Management's Discussion and Analysis, Continued

Cash Flows

The statement of cash flows provides information about cash receipts and cash payments during the year. This statement assists users in assessing the Center’s ability to generate net cash flows, meet its obligations by the required date, and illustrate its dependency on external financing. The following summarizes the Center’s cash flows for the year ended June 30, 2024:



Economic Factors That May Affect the Future

The Center receives a substantial amount of its support from grants and donated services by the College. A significant reduction in the level of this support, if it were to occur, could significantly affect the Center’s programs and activities.

ELLA BAKER/CHARLES ROMAIN CHILD DEVELOPMENT CENTER, INC.
 Statements of Net Position
 June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<u>Assets</u>		
Current assets:		
Cash and equivalents	\$ 163,058	301,042
Grants receivable	<u>441,649</u>	<u>387,897</u>
Total current assets	<u>604,707</u>	<u>688,939</u>
 <u>Liabilities</u>		
Liabilities - accounts payable and accrued expenses	<u>71,875</u>	<u>59,449</u>
 <u>Net Position</u>		
Unrestricted net position	<u><u>\$ 532,832</u></u>	<u><u>629,490</u></u>

See accompanying notes to financial statements.

ELLA BAKER/CHARLES ROMAIN CHILD DEVELOPMENT CENTER, INC.
 Statements of Revenue, Expenses and Changes in Net Position
 Years ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Operating revenue:		
Grants	\$ 634,297	732,049
CACFP	18,709	-
Tuition and fees	8,240	4,764
Student Faculty Association	18,477	12,950
Donated space and services	317,713	377,605
Other income	279	11,105
Total operating revenue	<u>997,715</u>	<u>1,138,473</u>
Operating expenses:		
Program services	936,165	848,299
Management and general	158,208	153,477
Total operating expenses	<u>1,094,373</u>	<u>1,001,776</u>
Change in net position	(96,658)	136,697
Net position at beginning of year	<u>629,490</u>	<u>492,793</u>
Net position at end of year	<u><u>\$ 532,832</u></u>	<u><u>629,490</u></u>

See accompanying notes to financial statements.

ELLA BAKER/CHARLES ROMAIN CHILD DEVELOPMENT CENTER, INC.
 Statement of Functional Expenses
 Year ended June 30, 2024
 with comparative totals for 2023

	Program services	Management and general	<u>Total</u>	
			<u>2024</u>	<u>2023</u>
Salaries and employee benefits	\$ 602,859	7,343	610,202	484,898
Professional fees	-	35,671	35,671	24,735
Donated space	92,615	22,990	115,605	110,467
Donated services	109,904	92,204	202,108	267,138
Office expenses	48,428	-	48,428	82,442
Food expenses	36,956	-	36,956	23,383
Dues and membership	-	-	-	150
Insurance	12,816	-	12,816	8,563
Bad debt	<u>32,587</u>	-	<u>32,587</u>	-
Total operating expenses	<u>\$ 936,165</u>	<u>158,208</u>	<u>1,094,373</u>	<u>1,001,776</u>

See accompanying notes to financial statements.

ELLA BAKER/CHARLES ROMAIN CHILD DEVELOPMENT CENTER, INC.
Statement of Functional Expenses
Year ended June 30, 2023

	<u>Program services</u>	<u>Management and general</u>	<u>Total</u>
Salaries and employee benefits	\$ 471,350	13,548	484,898
Professional fees	-	24,735	24,735
Donated space	87,477	22,990	110,467
Donated services	174,934	92,204	267,138
Office expenses	82,442	-	82,442
Food expenses	23,383	-	23,383
Dues and membership	150	-	150
Insurance	8,563	-	8,563
	<u>\$ 848,299</u>	<u>153,477</u>	<u>1,001,776</u>
Total operating expenses			

See accompanying notes to financial statements.

ELLA BAKER/CHARLES ROMAIN CHILD DEVELOPMENT CENTER, INC.
 Statements of Cash Flows
 Years ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Cash receipts from:		
Grants	\$ 580,545	643,336
CACFP	18,709	-
Tuition and fees	8,240	4,764
Student Faculty Association	18,477	12,950
Other income	279	11,105
Cash payments to/for:		
Employees' salaries and benefits	(592,963)	(485,543)
Vendors	(63,971)	(65,623)
Services and other	<u>(107,300)</u>	<u>(55,629)</u>
Net cash provided by (used in) operating activities	(137,984)	65,360
Cash and equivalents at beginning of year	<u>301,042</u>	<u>235,682</u>
Cash and equivalents at end of year	<u>\$ 163,058</u>	<u>301,042</u>
Reconciliation of changes in net position to net cash provided by (used in) operating activities:		
Changes in net position	(96,658)	136,697
Adjustments to reconcile changes in net position to net cash provided by (used in) operating activities - changes in:		
Grants receivable	31,301	12,135
Due from related parties	(85,053)	(100,848)
Accounts payable and accrued expenses	<u>12,426</u>	<u>17,376</u>
Net cash provided by (used in) operating activities	<u>\$ (137,984)</u>	<u>65,360</u>

See accompanying notes to financial statements.

ELLA BAKER/CHARLES ROMAIN CHILD DEVELOPMENT CENTER, INC.

Notes to Financial Statements

June 30, 2024 and 2023

(1) Nature of Organization

Ella Baker/Charles Romain Child Development Center, Inc. (the Center) is a not-for-profit organization formed to encourage, plan, organize, develop and operate quality childcare and early childhood education program that will benefit Medgar Evers College (the College) students and employees. The primary sources of revenue are grants, including the New York City tax levy allocation, the City University of New York Child Care, the Federal Child Care Development Block Grant, and donated occupancy and services.

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The Center's accounting policies conform to accounting principles generally accepted in the United States of America (GAAP) and applicable Governmental Accounting Standards Board (GASB) pronouncements.

For financial reporting purposes, the Center is considered to be a special-purpose entity engaged only in business-type activities. GASB defines business-type activities as activities financed in whole or in part by fees charged to external parties for goods or services. Accordingly, the accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with GAAP, as prescribed by GASB. For financial reporting purposes, the Center is also considered to be a discretely presented component unit of the University, as defined by GASB.

(b) Net Position

The Center's resources are classified into the following net position categories:

Net investment in capital assets - Capital assets, net of accumulated depreciation, and outstanding principal balances of debt, if any, attributable to the acquisition, construction, or improvement of those assets.

Restricted - non-expendable - Net position subject to externally imposed stipulations requiring the Association to maintain them in perpetuity.

Restricted - expendable - Net position whose use is subject to externally imposed stipulations that can be fulfilled by the actions of the Center or the passage of time.

Unrestricted - All other net positions, including net position designated by actions, if any, of the Center's Board of Directors.

At June 30, 2024 and 2023, the Center had no net investment in capital assets and no restricted net position.

(c) Cash and Equivalents

Cash and equivalents are comprised of highly liquid instruments with original maturities of 90 days or less.

ELLA BAKER/CHARLES ROMAIN CHILD DEVELOPMENT CENTER, INC.

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(d) Grants Receivable

Grants are recorded as revenue to the extent that expenses have been incurred for the purpose specified by the grantors. Revenues from contracts are subject to audits and negotiations between the Center and the funding sources. Grants receivable are recorded when earned.

(e) Receivables

Receivables are charged to bad debt expense when they are determined to be uncollectible based upon a periodic review of the accounts by management. Accounting principles generally accepted in the United States of America require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

(f) Tuition and Fees

Tuition and fees are recorded based on rates for units of service.

(g) Contributions

Contributions are recognized when the donor makes an unconditional promise to give to the Center. Contributions that are restricted by the donor are reported as increases in unrestricted net position if the restrictions expire within the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in restricted - expendable or restricted - non-expendable net position depending on the nature of the restrictions. When a restriction expires, the restricted - expendable net position is reclassified to the unrestricted net position.

(h) Donated Space and Services

Donated services are recognized as contributions if the services create or enhance nonfinancial assets or require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Center. Donated space is recognized based on the fair value of the rental.

(i) Revenue Recognition

Revenue is recognized when earned. The Center derives a portion of its revenue from fees billed to students whose children are provided daycare services. The Center received revenue from CUNY for providing child daycare services for children of students enrolled at the College. Additionally, the Center received an allocation from the Child Care Development Block Grant and revenue from the NYC-UPK Program.

(j) Functional Allocation of Expenses

The cost of providing services has been summarized on a functional basis. Accordingly, certain costs have been allocated among the program, and supporting services benefited based on direct usage.

ELLA BAKER/CHARLES ROMAIN CHILD DEVELOPMENT CENTER, INC.

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(k) Subsequent Events

The Center has evaluated subsequent events through the date of the report, which is the date the financial statements were available to be issued.

(l) Income Taxes

The Center is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code); therefore, no provision for income taxes is reflected in the financial statements. The Center has been classified as a publicly supported organization that is not a private foundation under Section 509(a) of the Code. The Center presently discloses or recognizes income tax positions based on management's estimate of whether it is reasonably possible or probable that a liability has been incurred for unrecognized income taxes. Management has concluded that the Center has taken no uncertain tax positions that require adjustment in its financial statements. U.S. Forms 990 filed by the Center are subject to examination by taxing authorities.

(3) Concentration of Credit Risk

Custodial credit risk of deposits is the risk that the Center's deposits may not be returned in the event of a bank failure. The Center maintains cash and equivalents at financial institutions which periodically may exceed federally insured limits. On June 30, 2024, the Center's bank balance was not exposed to custodial credit risk as it was fully insured. On June 30, 2023, \$50,651 of the Center's bank balance of \$300,651 was exposed to custodial credit risk as it was uninsured and uncollateralized.

(4) Donated Space and Services

The Center recognizes donations of services if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The Center operates on the campus of the College and utilizes space and certain services made available to it. For the years ended June 30, 2024 and 2023, the estimated fair value of space utilized was \$115,605 and \$110,467, respectively. In addition, college employee salaries donated to the Center totaled \$202,108 and \$267,138, respectively, for the years ended June 30, 2024 and 2023. The combined amounts have been recorded as donated services and recognized as revenue and expenses in the accompanying statements of revenue, expenses, and changes in net position and functional expenses. Donated and intended voluntary services that do not meet the above criteria are not recognized.

ELLA BAKER/CHARLES ROMAIN CHILD DEVELOPMENT CENTER, INC.

Notes to Financial Statements, Continued

(5) Grants

A summary of grant revenue for the years ended June 30, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Federal Block	\$ -	100,848
New York State	122,000	122,000
New York State - Daycare Program	29,856	7,750
New York State - School Age Program	-	7,750
New York City UPK	350,343	340,897
City Council	16,000	16,000
Federal C-Campus	<u>116,098</u>	<u>136,804</u>
	<u>\$ 634,297</u>	<u>732,049</u>

(6) Contingency

The Center receives a significant amount of its support from New York State, the City University of New York Child Care and the New York City UPK Program. A significant reduction in the level of this support, if it were to occur, could have a significant effect on the Center's programs and activities.

(7) Accounting Standards Issued But Not Yet Implemented

GASB has issued the following pronouncements which will be implemented in the years required. The effects of the implementation of these pronouncements are not known at this time.

Statement No. 101 - Compensated Absences. Effective for fiscal years beginning after December 15, 2023.

Statement No. 102 - Certain Risk Disclosures. Effective for fiscal years beginning after June 15, 2024.

Statement No. 103 - Financial Reporting Model Improvements. Effective for fiscal years beginning after June 15, 2025.