ELLA BAKER/CHARLES ROMAIN
CHILD DEVELOPMENT CENTER, INC.

Financial Statements

June 30, 2023 and 2022

(With Independent Auditors' Report Thereon)

ELLA BAKER/CHARLES ROMAIN CHILD DEVELOPMENT CENTER, INC.

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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, 2023 and 2022, 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, 2023 and 2022 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 29, 2023

ELLA BAKER/CHARLES ROMAIN CHILD DEVELOPMENT CENTER, INC.

Management's Discussion and Analysis

June 30, 2023 and 2022

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, 2023 and 2022, 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 increased by $136,697 or 28%.
- Operating revenue increased by $130,004 or 13%.
- Operating expenses decreased by $99,520 or 9%.

Financial Position

The Center’s net position is determined by the difference between the assets and liabilities. This mechanism is also an effective tool to measure the Center’s financial health. A primary indicator of the Center’s fiscal health is the increases and decreases in its net position over time.

Statements of Net Position

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

	2023	2022	Dollar change	Percent change
Total current assets	$ 688,939	534,866	154,073	29%
Total liabilities	54,449	42,073	17,376	41%
Total net position	$ 629,490	492,793	136,697	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.

The following summarizes the Center's assets, liabilities and net position as of June 30, 2022 and 2021, under the accrual basis of accounting:

	2022	2021	Dollar change	Percent change
Total current assets	$ 534,866	619,948	(85,082)	(14%)
Total liabilities	42,073	34,328	7,745	23%
Total net position	$ 492,793	585,620	(92,827)	(16%)

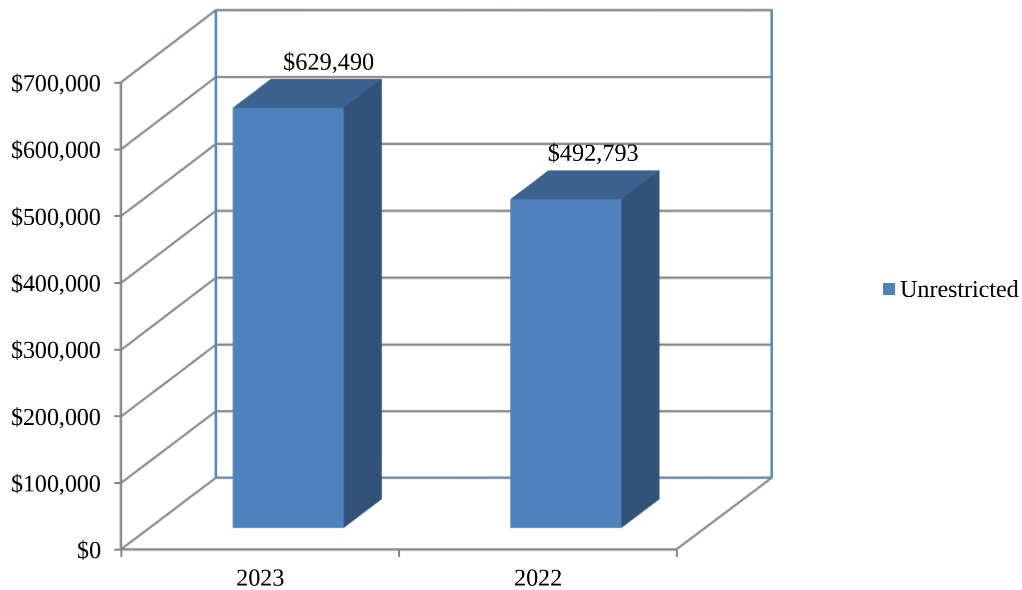
On June 30, 2022, the Center's total net position decreased by $92,827 or 16% compared to the previous year.

On June 30, 2022, the Center's total current assets decreased by $85,082 or 14%, compared to the previous year. Most of this variance is primarily attributed to the decrease in receivables of $242,604 due to the timely payment of the grant income. The decrease is offset by an increase in cash and equivalents of $157,522 due to the timely collection of grants income.

At June 30, 2022, the Center's total liabilities increased by $7,745 or 23% compared to the previous year. This result is attributed to increased accrued salaries and wages and compensated absences.

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

The following illustrates the Center's net position at June 30, 2023 and 2022 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, 2023, and 2022 are as follows:

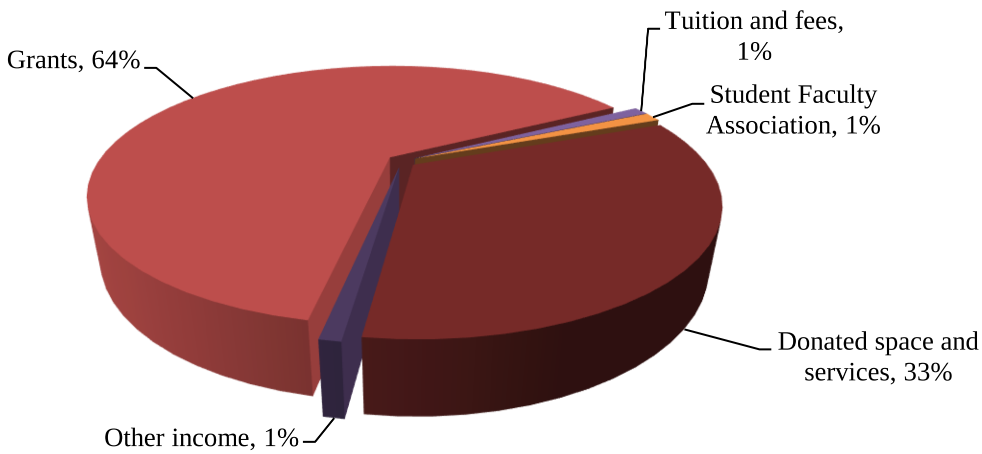
Revenue

	2023	2022	Dollar change	Percent change
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	11,105	35,160	(24,055)	(68%)
Total operating revenue	$ 1,138,473	1,008,469	130,004	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 in the amount 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:

Revenue by Source



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.

The major components of revenue for the years ended June 30, 2022 and 2021 are as follows:

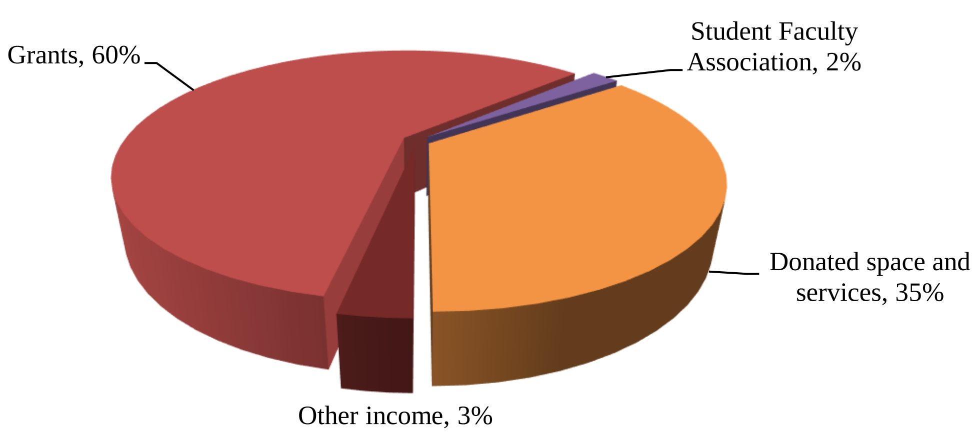
Revenue

	2022	2021	Dollar change	Percent change
Operating revenue:				
Grants	$ 599,888	645,136	(45,248)	(7%)
CACFP	2,904	-	2,904	100%
Tuition and fees	2,820	-	2,820	100%
Student Faculty Association	20,254	25,613	(5,359)	(21%)
Donated space and services	347,443	353,476	(6,033)	(2%)
Other income	35,160	138,700	(103,540)	(75%)
Total operating revenue	$ 1,008,469	1,162,925	(154,456)	(13%)

The Center's total revenue for the year ended June 30, 2022, amounted to $1,008,469, a decrease of $154,456 or 13%, compared to the previous year. A major contributing factor to this variance is the decrease in other income, grants, and donated space and services of $103,540, $45,248, and $6,033, respectively. Other income decreased due to the forgiveness of the paycheck protection program loan in fiscal year 2021. Grants decreased mainly due to the decrease in the Federal Block Grant and Federal C-Campus grants in the amount of $100,848 and $86,861, respectively. Federal Block grant decreased due to student-parents not being qualified to participate in the program. Federal C-Campus grant decreased due reduction in personnel. These decreases were offset by increases in the participation of the two new NYS stabilization Daycare and School Age programs and an increase in the Universal Pre-K grant in the amount of $90,133, $43,700, and $39,615 respectively. Universal Pre-K's grant contribution increased because the Department of Education raised the Center contract due to the additional classroom for the 3-year-olds.

The following illustrates the Center's revenue, by source, for the year ended June 30, 2022:

Revenue by Source



Grants and donated space and services represent 60% and 35% of the total revenue, respectively.

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

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

Expenses

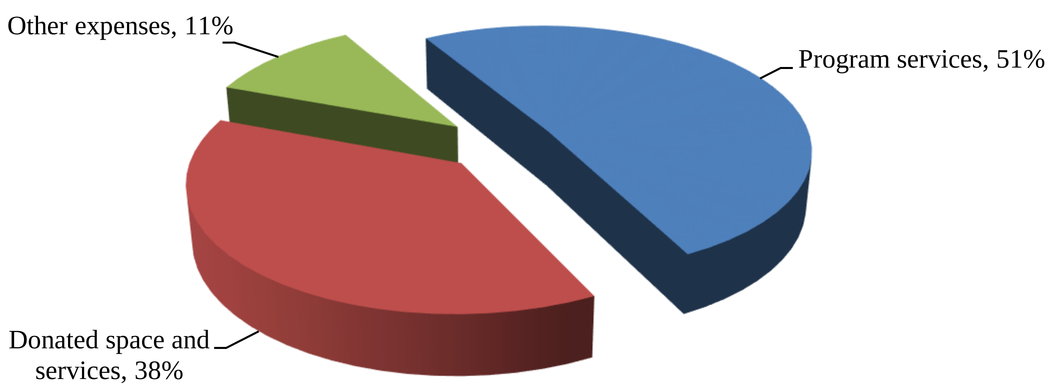
	2023	2022	Dollar change	Percent change
Program services	$ 513,641	575,521	(61,880)	(11%)
Donated space and services	377,605	347,443	30,162	9%
Other expenses	110,530	178,332	(67,802)	(38%)
Total expenses	$ 1,001,776	1,101,296	(99,520)	(9%)

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



The major components of expenses for the years ended June 30, 2022 and 2021 are as follows:

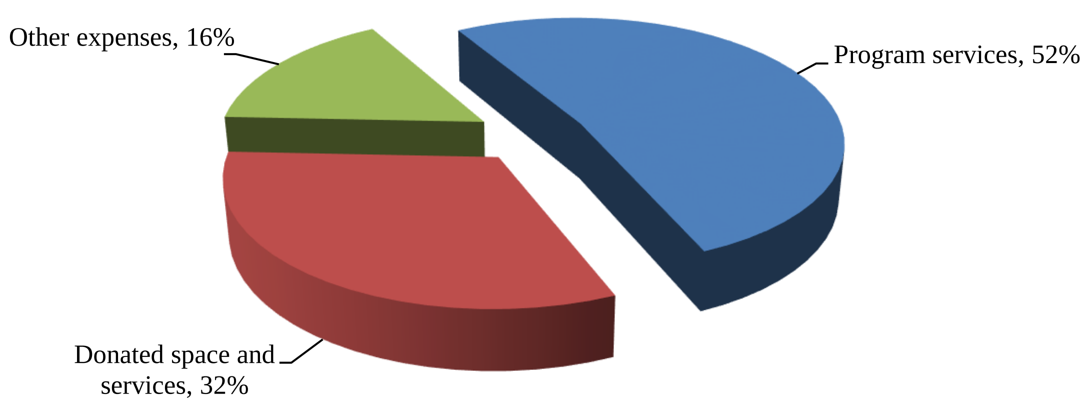
	2022	2021	Dollar change	Percent change
Program services	$ 575,521	462,766	112,755	24%
Donated space and services	347,443	353,476	(6,033)	(2%)
Other expenses	178,332	83,921	94,411	112%
Total expenses	$ 1,101,296	900,163	201,133	22%

Total expenses for the year ended June 30, 2022, amounted to $1,101,296, an increase of $201,133 or 22%, compared to the previous year. The major components of the variance are related to increased program services and other expenses in the amounts of $112,755 and $94,411, respectively. Program services increased mainly due to the increase in salaries and employee benefits, food services, and classroom supplies of $48,181, $18,513, and $13,242, respectively. Salaries and employee benefits increased due to the rise in the hourly rate of the staff. The food service and classroom supplies increased because the Center resumed its in-person classes and activities in fiscal year 2022.

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

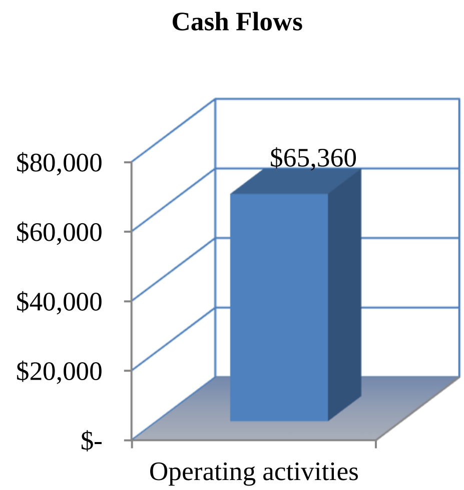
The following illustrates the Center's expenses, by category, for the year ended June 30, 2022:

Expenses by Category



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, 2023:



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, 2023 and 2022

Assets	2023	2022
Current assets:		
Cash and equivalents	$ 301,042	235,682
Grants receivable	387,897	299,184
Total current assets	688,939	534,866
Liabilities		
Liabilities - accounts payable and accrued expenses	59,449	42,073
Net Position		
Unrestricted net position	$ 629,490	492,793

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, 2023 and 2022

	2023	2022
Operating revenue:		
Grants	$ 732,049	599,888
CACFP	-	2,904
Tuition and fees	4,764	2,820
Student Faculty Association	12,950	20,254
Donated space and services	377,605	347,443
Other income	11,105	35,160
Total operating revenue	1,138,473	1,008,469
Operating expenses:		
Program services	848,299	813,699
Management and general	153,477	287,597
Total operating expenses	1,001,776	1,101,296
Change in net position	136,697	(92,827)
Net position at beginning of year	492,793	585,620
Net position at end of year	$ 629,490	492,793

See accompanying notes to financial statements.

ELLA BAKER/CHARLES ROMAIN CHILD DEVELOPMENT CENTER, INC.
Statement of Functional Expenses
Year ended June 30, 2023
with comparative totals for 2022

	Program services	Management and general	Total 2023	Total 2022
Salaries and employee benefits	$ 471,350	13,548	484,898	547,076
Professional fees	-	24,735	24,735	24,833
Donated space	87,477	22,990	110,467	97,622
Donated services	174,934	92,204	267,138	249,821
Office expenses	82,442	-	82,442	24,065
Food expenses	23,383	-	23,383	18,513
Dues and membership	150	-	150	1,150
Insurance	8,563	-	8,563	10,678
Bad debt	-	-	-	100,915
Miscellaneous	-	-	-	26,623
Total operating expenses	$ 848,299	153,477	1,001,776	1,101,296

See accompanying notes to financial statements.

ELLA BAKER/CHARLES ROMAIN CHILD DEVELOPMENT CENTER, INC.
Statement of Functional Expenses
Year ended June 30, 2022

	Program services	Management and general	Total
Salaries and employee benefits	$ 508,771	38,305	547,076
Professional fees	-	24,833	24,833
Donated space	74,632	22,990	97,622
Donated services	157,617	92,204	249,821
Office expenses	24,065	-	24,065
Food expenses	18,513	-	18,513
Dues and membership	1,150	-	1,150
Insurance	10,678	-	10,678
Bad debt	-	100,915	100,915
Miscellaneous	18,273	8,350	26,623
Total operating expenses	$ 813,699	287,597	1,101,296

See accompanying notes to financial statements.

ELLA BAKER/CHARLES ROMAIN CHILD DEVELOPMENT CENTER, INC.
Statements of Cash Flows
Years ended June 30, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Cash receipts from:		
Grants	$ 643,336	842,492
CACFP	-	2,904
Tuition and fees	4,764	2,820
Student Faculty Association	12,950	20,254
Other income	11,105	35,160
Cash payments to/for:		
Employees' salaries and benefits	(485,543)	(536,398)
Vendors	(65,623)	(42,512)
Services and other	(55,629)	(167,198)
Net cash provided by operating activities	65,360	157,522
Cash and equivalents at beginning of year	235,682	78,160
Cash and equivalents at end of year	$ 301,042	235,682

	2023	2022
Reconciliation of changes in net position to net cash provided by operating activities:		
Changes in net position	136,697	(92,827)
Adjustments to reconcile changes in net position to net cash provided by operating activities - changes in:		
Grants receivable	12,135	147,825
Due from related parties	(100,848)	94,779
Accounts payable and accrued expenses	17,376	7,745
Net cash provided by operating activities	$ 65,360	157,522

See accompanying notes to financial statements.

(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, 2023 and 2022, the Center had no net investment in capital assets and no restricted net position.

(c) Cash and Equivalents

For purposes of the statements of cash flows, the Center considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

(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.

(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) Cash and Equivalents

Custodial credit risk of deposits is the risk that the Center's deposits may not be returned in the event of a bank failure. At 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. At June 30, 2022, the Center's bank balance was not exposed to custodial credit risk as it was fully insured.

(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, 2023 and 2022, the estimated fair value of space utilized was $110,467 and $97,622, respectively. In addition, College employee salaries donated to the Center totaled $267,138 and $249,821, respectively, for the years ended June 30, 2023 and 2022. 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.

(5) Grants

A summary of grant revenue for the years ended June 30, 2023 and 2022 are as follows:

	2023	2022
Federal Block	$ 100,848	-
New York State	122,000	164,509
New York State - Daycare Program	7,750	90,133
New York State - School Age Program	7,750	43,700
New York City UPK	340,897	199,482
City Council	16,000	33,323
Federal C-Campus	136,804	68,741
	$ 732,049	599,888

(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. 99 - Omnibus 2022. Effective for various periods through fiscal years beginning after June 15, 2023.

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