

DURANGO EARLY LEARNING CENTER
A Colorado Non-Profit Corporation

BASIC FINANCIAL STATEMENTS
For the Year Ended August 31, 2021

DURANGO EARLY LEARNING CENTER
A Non-Profit Corporation

TABLE OF CONTENTS

	<u>Page</u>
Independent Accountant's Review Report.....	1
Statement of Financial Position.....	2
Statement of Activities.....	3
Statement of Functional Expenses.....	4
Statement of Cash Flows.....	5
Notes to the Financial Statements.....	6

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Board of Directors
Durango Early Learning Center
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Heidi A. Trainor, CPA, MS Tax

Independent Accountant's Review Report

I have reviewed the accompanying financial statements of Durango Early Learning Center, (a nonprofit organization), which comprise the statement of financial position as of August 31, 2021 and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

Management's Responsibility

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; this includes the design, implementing, 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.

Accountant's Responsibility

My responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require me to perform procedures to obtain limited assurance as a basis for reporting whether I am aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of Americas. I believe that the results of my procedures provide a reasonable basis for my conclusion.

Accountant's Conclusion

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

HEIDI A TRAINOR, CPA, PC
October 12, 2021

DURANGO EARLY LEARNING CENTER
A Non-Profit Corporation

STATEMENT OF FINANCIAL POSITION
For the Year Ended August 31, 2021

ASSETS	
Cash and Cash Equivalents	\$ 333,075
Tuition Receivable	877
Fixed Assets, Net	<u>619,306</u>
TOTAL ASSETS	<u>\$ 953,258</u>
NET ASSETS	
Assets Without Donor Restrictions	<u>953,258</u>
TOTAL NET ASSETS	<u>953,258</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 953,258</u>

See notes to the financial statements.

DURANGO EARLY LEARNING CENTER
A Non-Profit Corporation

STATEMENT OF ACTIVITIES
For the Year Ended August 31, 2021

	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>TOTAL</u>
SUPPORT AND REVENUES			
Support and Revenues			
Grants	\$ 60,266	--	\$ 60,266
Public Support	23,420	--	23,420
PPP Funds	157,614	--	157,614
Tuition revenues and fees	404,322	--	404,322
Fundraising	6,427	--	6,427
Other Income	1,509	--	1,509
Released from Restriction	<u>19,000</u>	<u>(19,000)</u>	<u>--</u>
TOTAL SUPPORT AND REVENUES	672,558	(19,000)	653,558
EXPENSES			
Program	370,495	--	370,495
Fundraising	2,837	--	2,837
General and Administrative	<u>123,290</u>	<u>--</u>	<u>123,290</u>
TOTAL EXPENSES	<u>496,622</u>	<u>--</u>	<u>496,622</u>
CHANGE IN NET ASSETS	175,936	(19,000)	156,936
NET ASSETS AT BEGINNING OF YEAR	<u>777,322</u>	<u>19,000</u>	<u>796,322</u>
NET ASSETS AT END OF YEAR	<u>\$ 953,258</u>	<u>--</u>	<u>\$ 953,258</u>

See notes to the financial statements.

DURANGO EARLY LEARNING CENTER
A Non-Profit Corporation

STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ending August 31, 2021

	<u>SUPPORTING SERVICES</u>			<u>Total Support</u>	<u>Total Expenses</u>
	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>		
COMPENSATION AND RELATED EXPENSES:					
Payroll	\$ 274,184	91,395	--	\$ 91,395	\$ 365,579
Payroll Taxes	16,974	5,658	--	5,658	22,632
TOTAL COMPENSATION AND RELATED EXPENSES	291,158	97,053	--	97,053	388,211
Payroll Services	2,515	838	--	838	3,353
Marketing	2,273	757	--	757	3,030
Office Expense	6,282	2,093	--	2,093	8,375
Repairs and Maintenance	2,419	806	--	806	3,225
Amortizaiton Expense	1,391	464	--	464	1,855
Depreciation Expense	15,558	5,186	--	5,186	20,744
Insurance	13,511	4,503	--	4,503	18,014
Contract Labor	12,355	4,118	--	4,118	16,473
Professional Development	624	--	--	--	624
Professional Fees	3,750	1,250	--	1,250	5,000
Licensing	1,022	341	--	341	1,363
Education Expense	8,188	2,730	--	2,730	10,918
Miscellaneous	1,149	384	--	384	1,533
Utilities	8,300	2,767	--	2,767	11,067
Fundraising Events	--	--	2,837	2,837	2,837
TOTAL EXPENSES	\$ 370,495	\$ 123,290	\$ 2,837	\$ 126,127	\$ 496,622

See notes to the financial statements.

DURANGO EARLY LEARNING CENTER
A Non-Profit Corporation

STATEMENT OF CASH FLOWS
For the Year Ended August 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received From Tuition	\$ 405,453
Cash Received From Contributors	31,356
Cash Received From Grantors	60,266
Cash Paid For Program Expenses	(353,546)
Cash Paid For Fundraising Expenses	(2,837)
Cash Paid For General and Administrative Expenses	<u>(117,640)</u>
	23,052
CASH FLOW FROM FINANCING ACTIVITIES	
Proceeds from PPP Loan	<u>157,614</u>
Net Cash Provided by Financing Activities	157,614
NET INCREASE/DECREASE IN CASH/CASH EQUIVALENTS	101,718
CASH AND CASH EQUIVALENTS, Beginning of the year	231,357
CASH AND CASH EQUIVALENTS, End of year	<u><u>333,075</u></u>
Adjustments To Reconcile Change In Net Assets To Net Cash Provided By Operating Activities	
Change in Net Assets	156,936
Depreciation Amortization	22,599
PPP Loan Forgiveness	(157,614)
(Increase) Decrease In:	
Contributions Receivable	<u>1,131</u>
Net Cash Provided By Operating Activities	<u><u>\$ 23,052</u></u>

See notes to the financial statements

DURANGO EARLY LEARNING CENTER
A Colorado Non-Profit Corporation

NOTES TO THE FINANCIAL STATEMENTS
August 31, 2021

NOTE A – NATURE OF CORPORATION AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Durango Early Learning Center (DELC) is a non-for-profit corporation founded in Colorado in 1978. The organization has matured over the years and as of 2021 is a 5-day a week, year-round early childhood program, serving approximately 54 children ages 2 to 5 years. "Nurturing child development in partnership with families of diverse backgrounds" is the mission of Durango Early Learning Center. The organization values all children as individuals and recognizes that each child has something special to bring to the program. They believe that the education of young children is a collaborative process, encompassing the child, their family, the school, and the larger community. These philosophies are placed into action by implementing a play-based approach to learning, preparing children for kindergarten, and more importantly becoming functioning members of our larger community, using a respectful and supportive approach to all aspects of behavior, engaging families as active participants in their child's first formal educational experience with required annual family hours, and cultivating programs to support diversity among the DELC community.

Basis of Presentation

The financial statements of the Organization are prepared using the accrual basis of accounting. The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restriction and net assets with donor restriction.

Net Assets Without Donor Restriction – Net assets that are not subject to or are no longer subject to donor-imposed stipulations.

Net Assets With Donor Restriction – Net assets whose use is limited by donor-imposed time and/or purpose restrictions,

Revenues are reported as increases in net assets without donor restriction unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on the net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. The Organization has adopted a policy to classify donor restricted contributions as without donor restrictions to the extent that donor restrictions were met in the year the contribution was received.

DURANGO EARLY LEARNING CENTER
A Colorado Non-Profit Corporation

NOTES TO THE FINANCIAL STATEMENTS
August 31, 2021

NOTE A – NATURE OF CORPORATION AND SIGNIFICANT ACCOUNTING POLICIES
(continued)

Contributions

Contributions, which include unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized until such time as the conditions are substantially met.

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Cash and Cash Equivalents

For purposes of the statement of cash flows, all cash held in checking accounts and certificates of deposit with original maturities of three months or less are considered to be cash equivalents.

Investments

Investments primarily consist of equity funds and fixed income funds. The Organization maintains a diversified portfolio of investments to manage market and interest-rate risks. Investments are recorded at fair value.

Property and Equipment

Property and equipment are carried at cost or, if donated, at the fair value on the date of donation. The Organization follows a policy whereby it capitalizes purchases of property and equipment greater than \$1,000. Depreciation is recorded using the straight-line MACRS method over the following estimated useful lives:

Buildings and Improvements	15 to 39 years
Furniture, Fixtures and Equipment	3 to 10 years
Automobiles	5 years

DURANGO EARLY LEARNING CENTER
A Colorado Non-Profit Corporation

NOTES TO THE FINANCIAL STATEMENTS
August 31, 2021

NOTE A – NATURE OF CORPORATION AND SIGNIFICANT ACCOUNTING POLICIES
(continued)

Subsequent Events

Subsequent events are events or transactions that occur after the statement of financial position date but before financial statements are issued. The Organization recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing the financial statements. The Organization's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position but arose after the statement of financial position date and before financial statements are available to be issued.

Use of Estimates

Preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE B – SIGNIFICANT CONCENTRATION OF CREDIT RISK

Financial instruments that subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents in financial institutions, which from time-to-time exceed the federal depository insurance coverage limit; that excess is uninsured. Management has placed these funds in high quality institutions in order to minimize the risk. Cash equivalents, other securities and limited amounts of cash held in brokerage accounts are protected by the Securities Investor Protection Corporation (SIPC) in the event of a broker-dealer failure, up to \$500,000 of protection for each capacity with a limit of \$250,000 for claims of un-invested cash balances.

Investments insured as of August 31, 2021 was \$188,399.

Cash equivalents are protected by the Federal Deposit Insurance Corporation (FDIC) in the event of bank failure, up to \$250,000 for accounts held at each FDIC insured institution. Cash equivalents insured as of August 31, 2021 were \$145,552.

DURANGO EARLY LEARNING CENTER
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NOTES TO THE FINANCIAL STATEMENTS
August 31, 2021

NOTE C - CASH AND CASH EQUIVALENTS

Deposits

Following is a reconciliation of the Organization's cash:

General Fund Checking Accounts	\$	33,774
General Fund Money Markets		<u>103,214</u>
TOTAL CASH	\$	<u><u>136,988</u></u>

NOTE D - INCOME TAXES

The Internal Revenue Service has classified the Organization as tax-exempt under Section 501(c)3 of the Internal Revenue Code. Accordingly, no provision for Federal income tax has been made in the financial statements. The Organization follows the guidance of Accounting Standards Codification (ASC) 740, *Accounting for Income Taxes* (ASC 740), related to uncertainties in income taxes, which prescribes a threshold of more likely than not for recognition and derecognition of tax positions taken or expected to be taken in a tax return. There are no such uncertain tax positions for the Organization for the fiscal year ended August 31, 2021.

The Organization did not incur unrelated business income tax for the year ended August 31, 2021. Accordingly, no provision has been made for federal income tax in the accompanying financial statements.

Forms 990, *Return of Organization Exempt from Income Tax*, for the fiscal years ended August 31, 2017, 2018, 2019 and 2020 are subject to examination by the Internal Revenue Service, generally for three years after filing.

NOTE E - ADVERTISING COSTS

Advertising costs are expensed as incurred.

DURANGO EARLY LEARNING CENTER
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NOTES TO THE FINANCIAL STATEMENTS
August 31, 2021

NOTE F – INVESTMENTS

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the Statement of Financial Position. Investment income or loss is included in the Statement of Activities as increases or decreases in unrestricted net assets unless the income or loss is restricted by donor or law.

Durango Early Learning Center had \$188,399 in investments as of August 31, 2021. The investments are managed and held by an independent brokerage firm.

Investments as of August 31 are comprised of:

Quoted Market Prices for Assets (Level I)	\$	188,399
Significant Other Observable Inputs (Level II)		--
Significant Unobservable Inputs (Level III)		--
	\$	<u>188,399</u>

NOTE G – PPP LIABILITY

The Paycheck Protection Program (PPP) is a loan designed to provide a direct incentive for small businesses to keep their workers on the payroll during the coronavirus pandemic and is part of the \$2 trillion Coronavirus Aid, Relief, and Economic Security (CARES) Act. Both PPP Loans were forgiven by the end of this fiscal year.

NOTE H – COMPENSATED ABSENCES

Durango Early Learning Center drafted a new personnel policy in 2019 that details the benefits to be earned in connection with years of service for year-round staff as follows:

In the first three months, three days of paid time off may be earned.

In the first year part-time a pro-rated number of paid personal/sick days per school year for part-time employees based on the number of hours worked as set forth in the employee's hiring agreement may be earned.

In the first year full time, seven days of paid time off may be earned.

Employees will be permitted to accrue and carry forward earned vacation at a maximum of 9 PTO days their annual allotment.

All vacation and sick leave was paid at the fiscal year end. No accrual was necessary.

DURANGO EARLY LEARNING CENTER
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NOTES TO THE FINANCIAL STATEMENTS
August 31, 2021

NOTE I – PROPERTY AND EQUIPMENT

The components of property and equipment as of August 31 are as follows:

Software	\$ 5,565
Buildings	428,143
Machinery and equipment	107,466
Land	305,804
Less:	
Accumulated amortization	(4,792)
Accumulated depreciation	<u>(222,880)</u>
	<u>\$ 619,306</u>

NOTE J – LIQUIDITY and AVAILABILITY of FINANCIAL ASSETS

The Organization's working capital and cash flows vary during the year attributable to various fundraising activities, grant revenue, and public support. Monthly cash outflows are fairly consistent with the exception of individual fundraising events. To manage monthly liquidity the organization maintains various savings accounts, certificates of deposit and money market accounts that can be drawn on as needed.

The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use within one year of the balance sheet date because of contractual or donor-imposed restrictions or internal designations.

Cash, Cash Equivalents and Restricted Cash	\$ 333,075
Accounts Receivable:	
Net Collected In Less Than One Year	877
Total Financial Assets	<u>333,952</u>
Financial Assets Available to Meet Cash Needs for Expenditures Within One Year	<u>\$ 333,952</u>