

**COMMUNITY CHILD CARE CENTER OF DELRAY BEACH, INC.
D/B/A ACHIEVEMENT CENTERS FOR CHILDREN AND FAMILIES**

Financial Statements

June 30, 2023 and 2022

Robbins and Moroney, P.A.
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Community Child Care Center of Delray Beach, Inc.
d/b/a Achievement Centers for Children and Families

Opinion

We have audited the accompanying financial statements of Community Child Care Center of Delray Beach, Inc. d/b/a Achievement Centers for Children and Families, (a nonprofit organization), which comprise the statements of financial position as June 30, 2023 and 2022, and the related statements of activities, cash flows and functional expenses for the years 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 Community Child Care Center of Delray Beach, Inc. d/b/a Achievement Centers for Children and Families as of June 30, 2023 and 2022, and the changes in its net assets 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Community Child Care Center of Delray Beach, Inc. d/b/a Achievement Centers for Children and Families 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 Community Child Care Center of Delray Beach, Inc. d/b/a Achievement Centers for Children and Families 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 and *Government Auditing Standards* will always detect a material misstatement when it exists.

INDEPENDENT AUDITOR'S REPORT (continued)

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 and *Government 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 Community Child Care Center of Delray Beach, Inc. d/b/a Achievement Centers for Children and Families 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 Community Child Care Center of Delray Beach, Inc. d/b/a Achievement Centers for Children and Families 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2023, on our consideration of Community Child Care Center of Delray Beach, Inc. d/b/a Achievement Centers for Children and Families internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Community Child Care Center of Delray Beach, Inc. d/b/a Achievement Centers for Children and Families internal control over financial reporting and compliance.

ROBBINS and MORONEY, P.A.

Certified Public Accountants

Robbins and Moroney, P.A.

Fort Lauderdale, Florida

October 19, 2023

**COMMUNITY CHILD CARE CENTER OF DELRAY BEACH, INC.
D/B/A ACHIEVEMENT CENTERS FOR CHILDREN AND FAMILIES**

Statements of Financial Position
June 30, 2023 and 2022

	2023	2022
Assets		
Cash and Cash Equivalents	\$ 1,372,135	\$ 822,949
Pledges, Grants and Other Receivables	673,118	418,716
Prepaid Expenses	50,067	43,743
Investments	900,123	1,153,694
Charitable Remainder Trust	-	-
Right-of-Use Asset - Operating	67,840	83,151
Property and Equipment	3,619,258	3,522,363
Beneficial Interest in Assets Held by Others	1,670,575	1,670,575
Total Assets	\$ 8,353,116	\$ 7,715,191
Liabilities		
Accounts Payable and Accrued Expenses	\$ 279,299	\$ 216,943
Lease Liability - Operating	67,840	83,151
Deferred Employee and Compensation Benefit	199,774	154,995
Total Liabilities	546,913	455,089
Net Assets		
Net Assets Without Donor Restrictions		
Working Capital	1,301,364	1,387,391
Board Designated for Investments for Long Term Purposes	1,112,912	1,112,912
Board Designated for Capital Improvements	176,904	176,904
Invested in Property and Equipment	3,619,258	3,522,363
Total Without Donor Restrictions	6,210,438	6,199,570
Net Assets With Donor Restrictions		
Restricted by Purpose or Time	1,038,102	502,869
Restricted in Perpetuity	557,663	557,663
Total With Donor Restrictions	1,595,765	1,060,532
Total Net Assets	7,806,203	7,260,102
Total Liabilities and Net Assets	\$ 8,353,116	\$ 7,715,191

The accompanying notes are an integral part of these financial statements.

**COMMUNITY CHILD CARE CENTER OF DELRAY BEACH, INC.
D/B/A ACHIEVEMENT CENTERS FOR CHILDREN AND FAMILIES**

Statements of Activities

For the Years Ended June 30, 2023 and 2022

	2023	2022
Net Assets Without Donor Restrictions		
Public Support and Revenue		
Public Support		
Grants and Contributions	\$ 3,728,301	\$ 1,946,848
Federal Program Grants	292,420	399,914
Special Events Revenue	91,684	
Less: Cost of Direct Benefits to Donors	(37,180)	
Net Assets Release from Restrictions	704,713	1,170,686
Total Public Support	4,779,938	3,517,448
Revenue		
Parent Fees	361,893	306,653
Subsidized Child Care	940,644	1,091,096
Head Start	235,169	217,719
Palm Beach County Summer Scholarships	182,250	128,484
Subsidized Food	264,133	229,232
Other Income	24,000	24,000
Change in Value of Charitable Remainder Trust	-	(4,607)
Investment Income	42,058	(132,186)
Total Revenue	2,050,147	1,860,391
Total Public Support and Revenue	6,830,085	5,377,839
Expenses		
Program	5,538,977	4,590,065
General and Administrative	1,005,513	783,388
Fundraising	274,727	-
Total Expenses	6,819,217	5,373,453
Change in Net Assets Without Donor Restrictions	10,868	4,386
Net Assets With Donor Restrictions		
Grants and Contributions	1,239,946	931,174
Net Assets Release from Restrictions	(704,713)	(1,170,686)
Change in Net Assets With Donor Restrictions	535,233	(239,512)
Change in Net Assets	546,101	(235,126)
Net Assets, Beginning of Year	7,260,102	7,495,228
Net Assets, End of Year	\$ 7,806,203	\$ 7,260,102

The accompanying notes are an integral part of these financial statements.

**COMMUNITY CHILD CARE CENTER OF DELRAY BEACH, INC.
D/B/A ACHIEVEMENT CENTERS FOR CHILDREN AND FAMILIES**

Statements of Cash Flows
For the Years Ended June 30, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities		
Change in Net Assets	\$ 546,101	\$ (235,126)
Adjustments to Reconcile Change in Net Assets to Net Cash Flows from Operating Activities:		
Depreciation	424,619	348,638
Amortization of Right of Use Asset - Operating Lease	15,311	4,760
Unrealized (Gain) Loss on Investments	(52,005)	176,905
Realized (Gain) Loss on Investments	41,729	(20,244)
Bad Debt	5,023	
Change in Value of Charitable Remainder Trust		4,606
Change in Assets and Liabilities:		
(Increase) Decrease in Pledges and Grants Receivable	(259,425)	(66,621)
(Increase) Decrease in Prepaid Expenses	(6,324)	4,108
(Increase) Decrease in Charitable Remainder Trust	-	98,000
Increase (Decrease) in Accounts Payable and Accrued Expenses	62,356	54,296
Increase (Decrease) in Refundable Advance	-	(399,914)
Increase (Decrease) in Lease Liability - Operating Lease	(15,311)	(4,760)
Increase (Decrease) in Deferred Employee & Compensation Benefit	44,779	(24,044)
Net Cash Flows from Operating Activities	806,853	(59,396)
Cash Flows from Investing Activities		
Sale of Investments	476,684	259,730
Purchase of Investments	(212,837)	(266,999)
Purchase of Property and Equipment	(521,514)	(651,813)
Net Cash Flows from Investing Activities	(257,667)	(659,082)
Net Change in Cash	549,186	(718,478)
Cash and Cash Equivalents, Beginning of Year	822,949	1,541,427
Cash and Cash Equivalents, End of Year	\$ 1,372,135	\$ 822,949
Other Non Cash Investing and Financing Activities:		
Right-of-Use Asset Obtained in Exchange for Operating Lease Liability	\$ -	\$ 87,991

The accompanying notes are an integral part of these financial statements.

**COMMUNITY CHILD CARE CENTER OF DELRAY BEACH, INC.
D/B/A ACHIEVEMENT CENTERS FOR CHILDREN AND FAMILIES**

Statements of Functional Expenses
For the Years Ended June 30, 2023 and 2022

<u>2023</u>	<u>Program</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salary and Benefits	\$ 3,862,271	\$ 715,517	\$ 182,808	\$ 4,760,596
Food Expense	243,316			243,316
Occupancy Cost	279,697	34,790		314,487
Insurance	105,461	11,588		117,049
Professional Fees	201,725	46,253		247,978
Computer Services	7,501	67,512	8,335	83,348
Program Supplies	116,707			116,707
Paper Supplies	18,088			18,088
Sponsored Events	65,278			65,278
Vehicle	18,463			18,463
Telephone	25,046	25,046		50,092
Office Supplies and Printing	39,675	15,033	3,544	58,252
Travel and Conferences	1,604	16,783		18,387
Taxes and Licenses	22,893	5,180		28,073
Grant Funded Projects	115,569			115,569
Community Relations	3,326		14,135	17,461
Miscellaneous	29,773	9,715		39,488
Depreciation	382,584	42,035		424,619
Bank Fees		11,038		11,038
Bad Debt		5,023		5,023
Fundraising Events			65,905	65,905
	<u>\$ 5,538,977</u>	<u>\$ 1,005,513</u>	<u>\$ 274,727</u>	<u>\$ 6,819,217</u>
<u>2022</u>	<u>Program</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salary and Benefits	\$ 3,066,681	\$ 553,688	\$	\$ 3,620,369
Food Expense	214,219			214,219
Occupancy Cost	244,465	30,254		274,719
Insurance	120,114	13,198		133,312
Professional Fees	230,464	49,155		279,619
Computer Services	3,186	32,211		35,397
Program Supplies	65,820			65,820
Paper Supplies	29,459			29,459
Sponsored Events	22,934			22,934
Travel and Conferences	797	10,759		11,556
Telephone	21,673	21,673		43,346
Office Supplies and Printing	24,274	10,783		35,057
Vehicle	8,940			8,940
Taxes and Licenses	20,872	4,765		25,637
Grant Funded Projects	131,217			131,217
Community Relations	32,522			32,522
Miscellaneous	38,305	16,360		54,665
Depreciation	314,123	34,515		348,638
Bank Fees		6,027		6,027
	<u>\$ 4,590,065</u>	<u>\$ 783,388</u>	<u>\$ -</u>	<u>\$ 5,373,453</u>

The accompanying notes are an integral part of these financial statements.

**COMMUNITY CHILD CARE CENTER OF DELRAY BEACH, INC.
D/B/A ACHIEVEMENT CENTERS FOR CHILDREN AND FAMILIES**

Notes to Financial Statements

June 30, 2023 and 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

Nature of Activities: The Community Child Care Center of Delray Beach, Inc. d/b/a Achievement Centers for Children and Families (the Center), strives to bring equity to the level of service available to all children in Delray Beach. The Center's community programming serves as a critical support system that brings opportunity and restored function to the child, family and greater community. We hope to change the narrative for low-income children and their families and have consistently witnessed positive gains for those we are entrusted to serve. Through our accredited, quality community programming, we work to improve the developmental trajectory of children's lives so they may meet their full potential, while building on the strengths of families so they may serve as the foundation for their child's success.

The Center is located in Delray Beach, Florida and provides child care and other services to children from the ages of one through fifteen and their families. The Center is accredited by the National Association for the Education of Young Children (NAEYC) and Green Apple Accreditation of Children's Services (GAACS) which designates our programs as a Florida Department of Children and Families Gold Seal program.

Basis of Accounting: The accompanying financial statements have been prepared on the accrual basis of accounting. Using this method, revenues are recognized when earned and expenses are recognized when incurred.

Date of Management's Review: In preparing the financial statements, the Center has evaluated events and transactions for potential recognition or disclosure through October 19, 2023, the date that the financial statements were issued.

Cash Equivalents: For purposes of the statement of cash flows, the Center considers all cash in banks and investments purchased with an original maturity of three months or less to be cash equivalents.

Investments: Investments in equity securities with readily determinable fair values and all investments in debt securities are stated at fair market value in the statements of financial position.

Revenue and Revenue Recognition: The Center 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 – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. The Center recognizes revenue from parent fees during the year in which the related services are provided. The performance obligation of delivering services is simultaneously received and consumed by the children; therefore, the revenue is recognized ratably over the course of the fiscal year. A portion of the revenue is derived from cost-reimbursable and price per unit government contracts and grants, which are conditioned upon certain performance requirements and /or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when we have incurred expenditures or provided units in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. No amounts have been received in advance under our government contracts and grants.

Fair Value of Financial Instruments: Cash equivalents, pledges, grants and other receivables, prepaid expenses, and accounts payable and accrued expenses are reflected in the financial statements at cost which approximates fair value because of their short-term nature.

COMMUNITY CHILD CARE CENTER OF DELRAY BEACH, INC.
D/B/A ACHIEVEMENT CENTERS FOR CHILDREN AND FAMILIES
Notes to Financial Statements
June 30, 2023 and 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (continued)

Property and Equipment: Donated property and equipment are recorded at fair market value at the date of donation. Purchased property and equipment are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Maintenance and minor repairs are charged to expense when incurred. Additions and major renewals are capitalized. The cost and accumulated depreciation of assets sold or retired is removed from the respective accounts and any gain or loss is reflected in income.

<u>Assets</u>	<u>Useful Lives</u>
Buildings and Improvements	30 Years
Furniture and Equipment	5-10 Years
Vehicles	5-12 Years

Leases: The Company calculates operating lease liabilities with a risk-free discount rate, using a comparable period with the lease term. All lease and non-lease components are combined for all leases. Lease payments for leases with a term of 12 months or less are expensed on a straight-line basis over the term of the lease with no lease asset or liability recognized.

Income Taxes: As a non-profit corporation under Internal Revenue Code Section 501(c)(3), the Center is exempt from income tax on income related to its exempt function. Therefore, no provision for income taxes has been made in the accompanying financial statements.

The Center has not incurred any interest or penalties on its income tax returns.

The Center's tax returns are subject to possible examination by the taxing authorities. For Federal income tax purposes, the tax returns remain open for possible examination for a period of three years after the respective filing deadlines of those returns.

Functional Allocation of Expenses: The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and detailed in the statement of functional expenses. Certain costs have been allocated among the programs and supporting services benefited.

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.

Donated Land: The City of Delray Beach donated some of the land upon which the Center is located. The Center holds title to this land with the restriction that should the property cease to be used in connection with a child care center, the title will revert back to the City of Delray Beach.

Reclassifications: In order to facilitate comparison of financial data, certain amounts recorded in the prior year have been reclassified to conform to the current year reporting format.

Net Assets: Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

**COMMUNITY CHILD CARE CENTER OF DELRAY BEACH, INC.
D/B/A ACHIEVEMENT CENTERS FOR CHILDREN AND FAMILIES**

Notes to Financial Statements
June 30, 2023 and 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (continued)

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. We report contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

2. LIQUIDITY AND RESERVES

The Center has a policy to manage its liquidity and reserves following three guiding principles: operating within a prudent range of financial stability, maintaining adequate liquidity to fund near-term operations, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The following table reflects The Center's financial assets as of June 30, 2023 and 2022, reduced by amounts not available for general expenditures within one year.

	<u>2023</u>	<u>2022</u>
Financial Assets at Year End:		
Cash and Cash Equivalents	\$ 1,372,135	\$ 822,949
Investments	900,123	1,153,694
Pledges, Grants and Other Receivables	673,118	418,716
Beneficial Interest in Assets Held by Others	<u>1,670,575</u>	<u>1,670,575</u>
Total Financial Assets	<u>4,615,951</u>	<u>4,065,934</u>
Less Amounts Not Available to be Used Within One Year:		
Net Assets With Donor Restrictions	1,595,765	1,060,532
Less Net Assets With Purpose Restrictions to be Met in Less Than One Year	(1,038,102)	(502,869)
Board Designated for Long Term Purposes	1,112,912	1,112,912
Board Designated for Capital Improvements	176,904	176,904
Deferred Compensation Plan	<u>199,774</u>	<u>154,995</u>
	<u>2,047,253</u>	<u>2,002,474</u>
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	<u>\$ 2,568,698</u>	<u>\$ 2,063,460</u>

**COMMUNITY CHILD CARE CENTER OF DELRAY BEACH, INC.
D/B/A ACHIEVEMENT CENTERS FOR CHILDREN AND FAMILIES**

Notes to Financial Statements
June 30, 2023 and 2022

3. INVESTMENTS

The aggregate carrying amount of investments at June 30, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Mutual Funds	\$ 199,774	\$ 154,995
Equities	226,831	335,056
Fixed Income	<u>473,518</u>	<u>663,643</u>
	<u>\$ 900,123</u>	<u>\$ 1,153,694</u>
Investment return is as follows:		
Interest and Dividends	\$ 37,376	\$ 30,692
Net Realized (Loss) Gain	(41,729)	20,244
Net Unrealized Gain (Loss)	52,005	(176,905)
Investment Fees	<u>(5,594)</u>	<u>(6,217)</u>
	<u>\$ 42,058</u>	<u>\$ (132,186)</u>

4. PLEDGES, GRANTS, AND OTHER RECEIVABLES

At June 30, 2023 and 2022, pledges, grants and other receivables consisted of:

	<u>2023</u>	<u>2022</u>
Pledges and Grants	\$ 630,873	\$ 331,971
Other	<u>42,245</u>	<u>86,745</u>
	<u>\$ 673,118</u>	<u>\$ 418,716</u>

Pledges, grants and other receivables at June 30, 2023, were scheduled to be collected within one year.

5. PROPERTY AND EQUIPMENT

At June 30, 2023 and 2022, property and equipment consisted of the following:

	<u>2023</u>	<u>2022</u>
Land	\$ 374,068	\$ 374,068
Vehicles	382,964	426,419
Building and Improvements	6,151,513	6,094,215
Furniture and Equipment	<u>2,019,360</u>	<u>1,583,703</u>
	8,927,904	8,478,405
Less: Accumulated Depreciation	<u>(5,308,647)</u>	<u>(4,956,042)</u>
Net Book Value	<u>\$ 3,619,258</u>	<u>\$ 3,522,263</u>

6. EMPLOYEE RETENTION CREDIT

The United State Congress established the Employee Retention Credit (ERC) program to provide a refundable employment tax credit to help business (including nonprofit organizations) with the cost of keeping staff employed during Covid-19. The Center has determined that it meets the qualification criteria to be eligible and submitted a refund claim in the amount of \$292,420. The Center accounts for the refund as a conditional contribution and has reported the amount as federal program grants in the statement of activities for the year ended June 30, 2023. The Center received the amount subsequent to the year ended June 30, 2023.

**COMMUNITY CHILD CARE CENTER OF DELRAY BEACH, INC.
D/B/A ACHIEVEMENT CENTERS FOR CHILDREN AND FAMILIES**

Notes to Financial Statements
June 30, 2023 and 2022

7. RETIREMENT PLAN

Effective January 1, 2017, the Center established a Section 401(k) retirement plan. Eligible employees must be at least 21 years old, work 1,000 hours for a period of twelve consecutive months, and have completed 1 year of service. The Center makes matching contributions in an amount equal to the employee's contribution not to exceed 3% of the employee's salary.

During the years ended June 30, 2023 and 2022, the Center contributed \$45,177 and \$34,705 respectively to the plan.

8. RESTRICTIONS ON ASSETS

Net assets with donor restrictions are available for the following purposes or periods:

	<u>2023</u>	<u>2022</u>
Purpose Restriction Programs	\$ 1,038,102	\$ 502,869
Endowment	557,663	557,663
	<u>\$ 1,595,765</u>	<u>\$ 1,060,532</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors as follows:

	<u>2023</u>	<u>2022</u>
Programs	\$ 704,713	\$ 1,170,686

9. FAIR VALUE MEASUREMENTS

Accounting Standards Codification 820 (ASC 820), Fair Value Measurements, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value.

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of fair value hierarchy under ASC 820 are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Center has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

COMMUNITY CHILD CARE CENTER OF DELRAY BEACH, INC.
D/B/A ACHIEVEMENT CENTERS FOR CHILDREN AND FAMILIES
Notes to Financial Statements
June 30, 2023 and 2022

9. FAIR VALUE MEASUREMENTS (continued)

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value on a recurring basis:

Mutual Funds, Equities and Fixed Income: Valued at closing price reported on the active market on which the individual securities are traded.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Center believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Center's assets at fair value as of June 30, 2023 and 2022:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
June 30, 2023				
Assets				
Investments:				
Mutual Funds	\$ 199,774	\$ 199,774	\$	\$
Equities	226,831	226,831		
Fixed Income	<u>473,518</u>	<u>473,518</u>		
Total Assets	<u>\$ 900,123</u>	<u>\$ 900,123</u>	<u>\$</u>	<u>\$</u>
June 30, 2022				
Assets				
Investments:				
Mutual Funds	\$ 154,995	\$ 154,995	\$	\$
Equities	335,056	335,056		
Fixed Income	<u>663,463</u>	<u>663,463</u>		
Total Assets	<u>\$ 1,153,694</u>	<u>\$ 1,153,694</u>	<u>\$</u>	<u>\$</u>

Level 3 Gains and Losses

The table below sets forth a summary of changes in the fair value of the Center's Level 3 assets and liabilities for the year ended June 30, 2023.

	Charitable Remainder Trust
Balance – June 30, 2021	\$ 102,606
Change in Present Value Discount	(4,606)
Receipt on Close Out of Trust	<u>(98,000)</u>
Balance – June 30, 2022	<u>\$</u>

**COMMUNITY CHILD CARE CENTER OF DELRAY BEACH, INC.
D/B/A ACHIEVEMENT CENTERS FOR CHILDREN AND FAMILIES**

Notes to Financial Statements
June 30, 2023 and 2022

10. RELATED PARTY TRANSACTIONS

During 2001, a separate entity, Community Child Care Center of Delray Beach Foundation, Inc. (the Foundation), was established for the purpose of raising funds for the Center. The Center requests distributions from the Foundation as needed.

In prior years, the Center, specifying itself as the beneficiary and granting no variance power over distributions, transferred \$1,670,575 of its endowment funds to the Foundation. These transfers have been reported as Beneficial Interest in Assets Held by Others in the accompanying statements of financial position, with \$557,663 reported as net assets restricted in perpetuity and \$1,112,912 reported as board designated for investments for long term purposes.

Foundation contributions to the Center were \$1,637,716 and \$1,005,369 for the years ended June 30, 2023 and 2022, respectively, and are included in grants and contributions in the accompanying statements of activities. As of June 30, 2023 and 2022, the amount of contributions and expense reimbursements due from the Foundation was \$18,821 and \$65,515 respectively.

During 2023, the Center started employing fundraising staff previously employed by the Foundation. The Center also started running fundraising events and applying for grants directly through its new fundraising department.

On July 1, 2008, the Center (as Lessor) entered into a lease agreement with the Foundation for office space owned by the Center expiring in June 2028. In accordance with the lease agreement, the Foundation paid \$24,000 to the Center during the fiscal years 2023 and 2022. Future minimum rent receipts are as follows:

Year ended June 30,	2024	\$	24,000
	2025		24,000
	2026		24,000
	2027		24,000
	2028		24,000
			<u>\$ 120,000</u>

On October 18, 2012, a separate entity, Pechter Community Foundation, Inc., a Florida not-for-profit corporation was formed for the purpose of supporting the Community Child Care Center of Delray Beach Foundation, Inc. and the Center. The Pechter Community Foundation, Inc. is related to the Center through some common board members. Pechter Foundation contributions to the Center totaling \$217,391 and \$198,821 for the years ended June 30, 2023 and 2022 respectively, are included in contributions on the accompanying statements of activities.

11. SUBSIDIZED CHILD CARE REIMBURSEMENTS

The Center contracts with Early Learning Coalition, a not-for-profit corporation, on an annually renewable basis to provide child care for children of families who meet the eligibility and enrollment requirements of the Florida Partnership for School Readiness. The Center receives reimbursement based on a fixed rate per day for each eligible child receiving day care services. These funds are a combination of state and local funds passed through the Florida Partnership for School Readiness and Early Learning Coalition to the Center.

For the years ended June 30, 2023 and 2022, the Center received subsidized child care reimbursements from Early Learning Center totaling \$940,644 and \$1,091,096, respectively.

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12. SUBSIDIZED FOOD

The Center has an annually renewable agreement with the State of Florida to operate and administer the federal Child Care Food Program (CCFP and AMP). Eligible children receive free meals, which consist of breakfast, lunch and a snack. The center receives reimbursement for each meal served on a fixed rate per meal. These funds are restricted for payment of food program costs.

For the years ended June 30, 2023 and 2022, the Center received food reimbursements from the state of Florida totaling \$264,133 and \$229,232, respectively.

13. HEAD START PROGRAM

The Center has entered into an annually renewable contract with Palm Beach County to operate and administer the federal Head Start Program at the Center. Under this agreement the Center is to provide child care for children of families who meet the eligibility and enrollment requirements. The Center receives reimbursement based on a fixed rate per day for each eligible child receiving day care services.

For the years ended June 30, 2023 and 2022, the Center received child care service fees totaling \$235,169 and \$217,719 respectively.

14. PALM BEACH COUNTY SUMMER SCHOLARSHIPS

The Center has entered into an annually renewable contract with Palm Beach County Division of Human Services to operate and administer the Summer Camp Program. Under this agreement the center is to provide child care for children of families who meet the eligibility and enrollment requirements. The Center receives reimbursement based on a fixed rate per week for each eligible child receiving services.

For the years ended June 30, 2023 and 2022, the Center earned child care service fees totaling \$182,250 and \$128,484, respectively.

15. COMMITMENTS

Effective September 1, 2005, the Center established a deferred compensation plan under section 457b of the Internal Revenue Code for its Strategic Advisor (SA). The plan requires non-elective employer deferrals and, effective March 1, 2017, elective deferrals of the maximum allowed by the Internal Revenue Service per year. Upon the SA's death, disability or retirement, the Center will provide her with a benefit equal to the amount of its contributions. The benefits are adjusted for actual investment returns and losses. The accumulated benefit in the plan for the current SA as of June 30, 2023 and 2022 is \$199,774 and \$154,995, respectively. Annual contributions made by the Center, for the current SA, under these plans totaled \$14,024 and \$13,230 for the years ended June 30, 2023 and 2022, respectively.

16. LEASES

In January 2022 the Center entered into a five-year lease for office equipment with monthly payments of \$1,784. The lease does not include any renewal options, variable payments, material residual value guarantee or restrictive covenants.

The weighted-average discount rate is based on the discount rate implicit in the lease. If the implicit rate is not readily determinable from the lease, we estimate an applicable incremental borrowing rate. The incremental borrowing rate is estimated using our applicable borrowing rates and the contractual lease term.

**COMMUNITY CHILD CARE CENTER OF DELRAY BEACH, INC.
D/B/A ACHIEVEMENT CENTERS FOR CHILDREN AND FAMILIES**

Notes to Financial Statements
June 30, 2023 and 2022

16. LEASES (continued)

The operating lease cost in the amount of \$21,410 and \$7,137 for the years ended June 30, 2023 and 2022, respectively are included in Occupancy Cost in the accompanying statement of functional expenses.

The weighted-average remaining lease term and weighted-average discount rate is 3.67 years and 8% respectively.

Future minimum lease payments under noncancelable operating leases with terms greater than one year are listed below as of June 30, 2023:

Year ending June 30,	2024	\$	21,408
	2025		21,408
	2026		21,408
	2027		<u>14,272</u>
Total Lease Payments			78,496
Less Present Value Discount			<u>(10,656)</u>
Present Value of Lease Liability		\$	<u>67,840</u>

17. CONCENTRATIONS AND CREDIT RISK

Financial instruments which potentially subject the Center to concentrations of credit risk consist principally of cash equivalents, investments and unsecured pledges, grants and other receivables. The Center's ability to collect these receivables is dependent upon economic conditions and the financial condition of its customers. The Center has not experienced significant losses related to receivables from individual customers or groups of customers. Management believes no additional credit risk beyond amounts provided for collection losses is inherent in the Center's contract receivables.

The Center's investments are exposed to various risks such as interest rate, market and credit risk. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the value of investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

At June 30, 2023, the Center had approximately \$1,370,000 in cash, of which \$1,100,000 was in excess of federally insured limits.

In the normal course of activities, the Center receives grants and contracts from various government agencies. These activities are subject to audit by agents of the funding authority, the purpose of which is to ensure compliance with conditions precedent to providing such funds. Management of the Center believes that the liability, if any, for any reimbursement which may arise as a result of audits would not be material.

18. CHARITABLE REMAINDER TRUSTS

The Center is one of five not-for-profit organizations that have been named as beneficiaries of a charitable remainder annuity trust. A charitable remainder annuity trust is an arrangement in which a donor establishes and funds a trust with specified distributions to be made to a designated beneficiary or beneficiaries over the trust's term. Upon termination of the trust, the not-for-profit organization(s) receive the assets remaining in the trust.

18. CHARITABLE REMAINDER TRUSTS (continued)

Trust 1 - The assets held by the trust are administered by a third party and had a fair market value of \$6,056,994 and \$5,504,727 at June 30, 2023 and 2022, respectively. The donor of the trust is deceased; however, according to the terms of the trust, quarterly distributions shall be made to ten individual beneficiaries during their lifetimes. The five not-for-profit organizations, including the Center, also receive quarterly distributions over the trust's term. Upon the death of the last surviving individual beneficiary, all of the then principal and income shall be divided equally among the five charities.

During the years ended June 30, 2023 and 2022, the Center received distributions in the amount of \$16,025.

The present value of the estimated future benefits to be received by the Center when the trust assets are distributed has not been recorded in the accompanying financial statements because all the information necessary to determine that amount is not available.

Trust 2 – The Center is one of several not-for-profit organizations that have been named as beneficiaries of a charitable remainder unitrust. A charitable remainder unitrust is an arrangement in which a donor establishes and funds a trust with specified distributions to be made to a designated beneficiary or beneficiaries over the trust's term. Upon termination of the trust, the not-for-profit organization(s) receive the assets remaining in the trust.

The trust was established on March 20, 2007 with a fifteen (15) year term. The trust expired in March 2022 and the Center received \$98,000 representing its portion of the remaining trust assets.

19. ENDOWMENTS

Accounting Standards Codification 958 (ASC 958), "Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for all Endowment Funds" provides guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). ASC 958 also requires additional disclosures about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds), whether or not the organization is subject to UPMIFA.

The State of Florida enacted the "Florida Uniform Prudent Management of Institutional Funds Act" (FUPMIFA) effective July 1, 2012, the provisions of which apply to endowment funds existing on or established after that date. The Board of Trustees has determined that the Center's permanently restricted net assets meet the definition of endowment funds FUPMIFA.

The Board of Trustee of the Center has interpreted the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Center classifies as net assets with restrictions in perpetuity (a) the original value of the gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in net assets with restrictions in perpetuity is classified as net assets with restrictions until those amounts are appropriated for expenditure by the Center in a manner consistent with the standard of prudence prescribed by FUPMIFA. In accordance with FUPMIFA, the Center considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment

**COMMUNITY CHILD CARE CENTER OF DELRAY BEACH, INC.
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Notes to Financial Statements
June 30, 2023 and 2022

19. ENDOWMENTS (continued)

funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Center and (7) the Center's investment policies.

Endowment Investment and Spending Policies: The Center has adopted investment and spending policies, approved by the Governing Board, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of these endowment assets over the long-term. The Center's spending and investment policies work together to achieve this objective. The investment policy establishes an achievable return objective through diversification of asset classes. The Center relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Center targets a diversified asset allocation that places an emphasis on equity-based investments to achieve its long-term return objectives within prudent risk parameters.

Endowment net asset composition by type of fund as of June 30, 2023 and 2022 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Net Endowment Assets</u>
Donor-Restricted Endowment Funds	\$	\$ 557,663	\$ 557,663
Board Designated Endowment Funds	<u>1,112,912</u>	<u> </u>	<u>1,112,912</u>
Total Funds	<u>\$ 1,112,912</u>	<u>\$ 557,663</u>	<u>\$ 1,670,575</u>

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors
Community Child Care Center of Delray Beach, Inc.
d/b/a Achievement Center's for Children and Families

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Community Child Care Center of Delray Beach, Inc. d/b/a Achievement Center's for Children and Families (the Center) (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated October 19, 2023.

Internal Control Over Financial Reporting

In planning and performing our audits of the financial statements, we considered the Center's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Center's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS
(Continued)**

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Center's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

ROBBINS AND MORONEY, P.A.
Certified Public Accountants

Robbins and Moroney, P.A.

Fort Lauderdale, Florida
October 19, 2023