



SOUTHSIDE EARLY CHILDHOOD CENTER

Consolidated Financial Statements with Supplemental Information
and Independent Auditors' Report

YEARS ENDED DECEMBER 31, 2020 AND 2019



Contents

	<u>Page</u>
Independent Auditors' Report	1 - 2
Consolidated Financial Statements	
Consolidated Statements of Financial Position	3
Consolidated Statements of Activities	4 - 5
Consolidated Statements of Functional Expenses	6 - 7
Consolidated Statements of Cash Flows	8
Notes to Consolidated Financial Statements	9 - 20
Supplemental Consolidating Schedules	
Consolidating Statements of Financial Position	21 - 22
Consolidating Statements of Activities	23 - 24

Independent Auditors' Report

Board of Trustees
SouthSide Early Childhood Center
St. Louis, Missouri

We have audited the accompanying consolidated financial statements of SouthSide Early Childhood Center (a not-for-profit organization), which comprise the consolidated statement of financial position as of December 31, 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information on pages 21 to 24 is presented for purposes of additional analysis, and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Prior Period Financial Statements

The financial statements of SouthSide Early Childhood Center as of December 31, 2019, were audited by other auditors whose report dated April 23, 2020, expressed an unmodified opinion on those statements.

A handwritten signature in blue ink that reads "Anders Minkler Heber & Helms LLP".

May 19, 2021

SouthSide Early Childhood Center
Consolidated Statements of Financial Position
December 31, 2020 and 2019

Assets

	2020	2019
Current Assets		
Cash and cash equivalents	\$ 1,170,566	\$ 715,208
Accounts receivable	-	84,176
Unconditional promises to give	438,887	302,434
Prepaid expenses	16,045	43,101
Total Current Assets	1,625,498	1,144,919
Investments, at Fair Value	286,814	235,015
Property and Equipment, net	3,685,343	3,758,208
Total Assets	\$ 5,597,655	\$ 5,138,142

Liabilities and Net Assets

Current Liabilities		
Accounts payable	\$ 57,003	\$ 71,240
Accrued expenses	89,377	112,933
Deferred revenue	32,281	19,750
Total Current Liabilities	178,661	203,923
Debt - Paycheck Protection Program	420,600	-
Total Liabilities	599,261	203,923
Net Assets		
Without donor restrictions	4,306,544	4,197,619
With donor restrictions	691,850	736,600
Total Net Assets	4,998,394	4,934,219
Total Liabilities and Net Assets	\$ 5,597,655	\$ 5,138,142

**SouthSide Early Childhood Center
Consolidated Statement of Activities
Year Ended December 31, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains and Other Support			
Contributions	\$ 644,957	\$ 408,835	\$ 1,053,792
Grants	1,152,101	-	1,152,101
In-kind contributions	21,275	-	21,275
United Way funding	206,139	-	206,139
Program fees	307,336	-	307,336
Net realized/unrealized gain on investments	64,069	-	64,069
	<u>2,395,877</u>	<u>408,835</u>	<u>2,804,712</u>
Gross special events revenue	409,197	-	409,197
Less cost of direct benefits to donors	<u>(108,898)</u>	<u>-</u>	<u>(108,898)</u>
Net special events revenue	<u>300,299</u>	<u>-</u>	<u>300,299</u>
Net assets released from restrictions:			
Satisfaction of time and usage restrictions	<u>453,585</u>	<u>(453,585)</u>	<u>-</u>
Total Revenues, Gains and Other Support	<u>3,149,761</u>	<u>(44,750)</u>	<u>3,105,011</u>
Expenses			
Program Services	<u>2,465,614</u>	<u>-</u>	<u>2,465,614</u>
Supporting Activities			
Management and general	402,605	-	402,605
Fundraising	<u>172,617</u>	<u>-</u>	<u>172,617</u>
Total Supporting Activities	<u>575,222</u>	<u>-</u>	<u>575,222</u>
Total Expenses	<u>3,040,836</u>	<u>-</u>	<u>3,040,836</u>
Change in Net Assets	108,925	(44,750)	64,175
Net Assets, Beginning of Year	<u>4,197,619</u>	<u>736,600</u>	<u>4,934,219</u>
Net Assets, End of Year	<u>\$ 4,306,544</u>	<u>\$ 691,850</u>	<u>\$ 4,998,394</u>

**SouthSide Early Childhood Center
Consolidated Statement of Activities
Year Ended December 31, 2019**

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains and Other Support			
Contributions	\$ 267,762	\$ 645,562	\$ 913,324
Government contracts	1,061,604	-	1,061,604
United Way funding	-	249,215	249,215
Program fees	510,956	-	510,956
Net realized/unrealized gain (loss) on investments	476	(3,810)	(3,334)
	<u>1,840,798</u>	<u>890,967</u>	<u>2,731,765</u>
Gross special events revenue	384,000	-	384,000
Less cost of direct benefits to donors	<u>(120,591)</u>	<u>-</u>	<u>(120,591)</u>
Net special events revenue	263,409	-	263,409
Net assets released from restrictions:			
Satisfaction of time and usage restrictions	<u>889,547</u>	<u>(889,547)</u>	<u>-</u>
Total Revenues, Gains and Other Support	<u>2,993,754</u>	<u>1,420</u>	<u>2,995,174</u>
Expenses			
Program Services	<u>2,885,237</u>	<u>-</u>	<u>2,885,237</u>
Supporting Activities			
Management and general	208,150	-	208,150
Fundraising	<u>181,249</u>	<u>-</u>	<u>181,249</u>
Total Supporting Activities	<u>389,399</u>	<u>-</u>	<u>389,399</u>
Total Expenses	<u>3,274,636</u>	<u>-</u>	<u>3,274,636</u>
Change in Net Assets before Gain on Forgiveness of Debt	(280,882)	1,420	(279,462)
Gain on Forgiveness of Debt	<u>1,096,785</u>	<u>-</u>	<u>1,096,785</u>
Change in Net Assets	815,903	1,420	817,323
Net Assets, Beginning of Year	<u>3,381,716</u>	<u>735,180</u>	<u>4,116,896</u>
Net Assets, End of Year	<u>\$ 4,197,619</u>	<u>\$ 736,600</u>	<u>\$ 4,934,219</u>

SouthSide Early Childhood Center
Consolidated Statement of Functional Expenses
Year Ended December 31, 2020

	Supporting Activities				Total Expenses
	Program Services	Management and General	Fundraising	Total Supporting Activities	
Salaries	\$ 1,746,870	\$ 13,231	\$ 100,756	\$ 113,987	\$ 1,860,857
Employee benefits	292,177	38,320	15,195	53,515	345,692
Payroll taxes and workers compensation	708	14,282	137	14,419	15,127
Total Personnel Expense	2,039,755	65,833	116,088	181,921	2,221,676
Conferences, conventions, and meetings	15,327	2,980	453	3,433	18,760
In-Kind expense	1,251	-	20,024	20,024	21,275
Miscellaneous	25,415	20,992	2,938	23,930	49,345
Occupancy	-	67,531	-	67,531	67,531
Printing and publications	4,066	6,733	8,709	15,442	19,508
Professional fees	20,420	86,609	16,376	102,985	123,405
Program expenses - food, supplies, and other	214,480	-	-	-	214,480
Repairs and maintenance	49	128,874	-	128,874	128,923
Supplies	4,211	15,875	851	16,726	20,937
Total Expense Before Depreciation	2,324,974	395,427	165,439	560,866	2,885,840
Depreciation	140,640	7,178	7,178	14,356	154,996
Total Expenses	\$ 2,465,614	\$ 402,605	\$ 172,617	\$ 575,222	\$ 3,040,836

SouthSide Early Childhood Center
Consolidated Statement of Functional Expenses
Year Ended December 31, 2019

	Supporting Activities				Total Expenses
	Program Services	Management and General	Fundraising	Total Supporting Activities	
Salaries	\$ 1,646,379	\$ 59,956	\$ 101,300	\$ 161,256	\$ 1,807,635
Employee benefits	142,779	4,674	8,785	13,459	156,238
Payroll taxes and workers compensation	<u>143,670</u>	<u>4,704</u>	<u>8,840</u>	<u>13,544</u>	<u>157,214</u>
Total Personnel Expense	1,932,828	69,334	118,925	188,259	2,121,087
Conferences, conventions, and meetings	19,943	5,688	-	5,688	25,631
Interest	8,078	402	402	804	8,882
Miscellaneous	1,744	21,808	-	21,808	23,552
Occupancy	70,829	3,522	3,522	7,044	77,873
Printing and publications	27,196	-	10,878	10,878	38,074
Professional fees	-	90,574	30,700	121,274	121,274
Program expenses - food, supplies, and other	482,884	-	-	-	482,884
Repairs and maintenance	128,426	6,385	6,385	12,770	141,196
Supplies	<u>31,389</u>	<u>1,392</u>	<u>1,392</u>	<u>2,784</u>	<u>34,173</u>
Total Expense Before Depreciation and Amortization	2,703,317	199,105	172,204	371,309	3,074,626
New market tax credit amortization	28,033	1,394	1,394	2,788	30,821
Depreciation	<u>153,887</u>	<u>7,651</u>	<u>7,651</u>	<u>15,302</u>	<u>169,189</u>
Total Expenses	<u>\$ 2,885,237</u>	<u>\$ 208,150</u>	<u>\$ 181,249</u>	<u>\$ 389,399</u>	<u>\$ 3,274,636</u>

**SouthSide Early Childhood Center
Consolidated Statements of Cash Flows
Years Ended December 31, 2020 and 2019**

	2020	2019
Cash Flows From Operating Activities		
Change in net assets	\$ 64,175	\$ 817,323
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	154,996	169,189
New Market Tax Credits structuring fees	-	53,236
Forgiveness of NMTC loans	-	(1,119,200)
Unrealized loss on investments	(51,799)	4,217
Increase (decrease) in assets:		
Unconditional promises to give	(136,453)	147,945
Accounts receivable	84,176	901
Prepaid expenses	27,056	4,223
(Increase) decrease in liabilities:		
Accounts payable	(14,237)	12,787
Accrued expenses	(23,556)	19,764
Deferred revenue	12,531	9,500
Net Cash Provided by Operating Activities	116,889	119,885
Cash Flows From Investing Activities		
Purchases of property and equipment	(82,131)	(6,060)
Reinvestment of dividends and interest	-	(407)
Purchase of investments	-	(208,562)
Net Cash Used in Investing Activities	(82,131)	(215,029)
Cash Flows From Financing Activities		
Proceeds from Debt - Paycheck Protection Program	420,600	-
Net Cash Provided by Financing Activities	420,600	-
Net Increase (Decrease) in Cash and Cash Equivalents	455,358	(95,144)
Cash and Cash Equivalents, Beginning of Year	715,208	810,352
Cash and Cash Equivalents, End of Year	\$ 1,170,566	\$ 715,208
Supplemental Disclosures of Cash Flow Information		
Cash paid for		
Interest	\$ -	\$ 8,882

Noncash Investing and Financing Activities

During 2019, the Organization recorded a non-cash transaction that eliminated the New Market Tax Credit receivable and payable in the amount of \$2,720,800.

SouthSide Early Childhood Center
Notes to Consolidated Financial Statements
December 31, 2020 and 2019

1. Nature of Operations and Basis of Presentation

SouthSide Early Childhood Center (the “Organization” or “SouthSide”) was founded in 1886 as South Side Day Nursery by 15 Unitarian women with the mission to “prevent pauperism by assisting breadwinners with young children on their hands to earn an honest living.” Today the Organization’s mission is to nurture, educate, and inspire children and families in a diverse and inclusive environment, promoting healthy development and a strong foundation for success. The Organization’s revenue and support are derived primarily from government agencies, contracts with other not-for-profits, and public contributions.

Description of Program Services

SouthSide is committed to providing every child with the skills he or she needs to succeed in kindergarten and beyond. This commitment starts with our dedication to diversity in all forms: racial, ethnic, economic and developmental. The educational programs offered are a critically important first “block” in building a strong foundation for success in school. Full-day, full-year early childhood education and childcare is provided for up to 144 children, ages six weeks through five years of age. The program improves language and literacy skills, increasing the likelihood that children will read at grade level by the end of their kindergarten year; and increases the probability a child will graduate from high school and have increased earning power as an adult. Social-emotional skill development is a focus of the program and results in increased readiness for the routine and social environment of elementary school.

The Organization also provides much-needed family support services to parents, including monthly meetings and educational workshops, nutrition education, and connections to health, employment, housing and legal services through community partnerships.

The Organization receives funding through Head Start and Early Head Start partnerships, state childcare subsidy, United Way funding and parent fees. To bridge the gap between the cost of services and the revenues received, the Organization raises contributions annually from individuals, corporations, organizations and foundations.

Principles of Consolidation

The Organization established an entity called Friends of SouthSide (“FOSS”) which provided funding for the Organization’s new early childhood center facility in 2013.

The accompanying consolidated financial statements include the accounts of SouthSide and FOSS, collectively referred to as the Organization. All significant inter-entity accounts and transactions have been eliminated in the consolidation.

SouthSide Early Childhood Center
Notes to Consolidated Financial Statements
December 31, 2020 and 2019

Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with the provisions of the Financial Accounting Standards Board ("FASB"), Accounting Standards Codification (the "FASB ASC"), which is the source of authoritative, non-governmental accounting principles generally accepted in the United States of America ("GAAP"). All references to authoritative accounting guidance contained in our disclosures are based on the general accounting topics within the FASB ASC.

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified into two categories of net assets, as applicable, and reported as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations. Board designated funds are established by the Board of Directors and represent net assets without donor restrictions that have been set aside to help ensure the long-term financial stability of the Organization.

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations that may be satisfied by specific activities or the passage of time, or are required to be maintained in perpetuity by the Organization. The income earned on any related investments may be subject to donor-imposed stipulations.

2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Fair Value Measurements

The Organization follows guidance issued by the FASB on fair value measurements, which establishes a framework for measuring fair value, clarifies the definition of fair value within that framework, and expands disclosures about the use of fair value measurements. This guidance applies whenever fair value is the applicable measurement. The three general valuation techniques used to measure fair value are the market approach, cost approach, and income approach.

SouthSide Early Childhood Center
Notes to Consolidated Financial Statements
December 31, 2020 and 2019

Cash and Cash Equivalents

The Organization considers all short-term investments with an original maturity of three months or less at the time of purchase, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to building projects, endowments that are perpetual in nature, or other long-term purposes are excluded from this definition.

Investments

The Organization carries investments at fair value with unrealized holding gains and losses included in earnings. Realized gains and losses are included in earnings and are derived using the specific identification method for determining the cost of securities sold. Dividend and interest income is recognized when earned.

Unconditional Promises to Give

Unconditional promises to give due in the next year are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reported at the present value of their net realizable value using risk-free interest rates applicable to the years in which the unconditional promises to give are to be received.

The Organization provides an allowance for doubtful unconditional promises to give equal to the estimated losses that will be incurred in the collection of the unconditional promises to give. This estimate is based on historical experience coupled with a review of the current status of existing unconditional promises to give. The allowance and associated promises are reduced when the promises are determined to be uncollectible. Currently, the Organization considers unconditional promises to give receivable to be fully collectible.

Property and Equipment

Property and equipment acquisitions with a life of one year or greater and a cost in excess of \$2,000 are capitalized and recorded at cost, while maintenance and repairs are expensed as incurred. When assets are sold or otherwise disposed of, the related cost and accumulated depreciation are removed from the accounts. Any gain or loss arising from such disposition is included as income or expense in the year of disposition.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

The estimated lives for computing depreciation and amortization on property and equipment are:

<u>Classification</u>	<u>Years</u>
Buildings and improvements	5-40
Furniture and equipment	3-7

SouthSide Early Childhood Center
Notes to Consolidated Financial Statements
December 31, 2020 and 2019

Long-Lived Asset Impairment

The Organization evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset are less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. Management does not believe any impairment exists as of December 31, 2020 and 2019.

Support and Revenue

Revenue including fees and contracts revenue, special events ticket revenue, and program service fees is recognized when satisfaction of the contractual performance obligation is met. The performance obligation is met upon completion of the service. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively.

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the condition on which they depend have been substantially met.

Donated Materials (In Kind)

Donated noncash assets are recorded as contributions at their fair values at the date of donation. The estimated fair values of donated materials was \$21,275 and \$10,031 for the years ended December 31, 2020 and 2019, respectively.

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 Organization. Volunteers provided various services throughout the year that are not recognized as contributions in the consolidated financial statements since the recognition criteria were not met.

Functional Expense Allocation

The costs of program services and supporting activities have been summarized on a functional basis in the statement of activities. The consolidated statements of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the program services and supporting activities benefited.

SouthSide Early Childhood Center
Notes to Consolidated Financial Statements
December 31, 2020 and 2019

Income Taxes

SouthSide and FOSS are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the "Code"), except on net income derived from unrelated business activities as defined in the Code. Accordingly, each entity files as a tax exempt organization.

The Organization follows guidance issued by the FASB on accounting for income taxes and has evaluated its tax positions, expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings, and believes that no provision for income taxes is necessary to cover any uncertain tax positions. Each entity's returns for tax years 2017 and later remain subject to examination by taxing authorities.

Subsequent Events

The Organization has evaluated subsequent events through May 19, 2021, the date the financial statements were available to be issued.

Recent Accounting Pronouncements

In-kind Donations

The FASB has issued ASU 2020-07 *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The new guidance requires organizations to present contributed nonfinancial assets (gifts "in kind") as a separate line item on the statement of activities. The new guidance also requires enhanced disclosures to include a disaggregation of the total amount of contributed nonfinancial assets recognized within the statement of activities by category. For each such category, the disclosures should include 1) qualitative information about whether the contributed nonfinancial assets were either "monetized" (sold or held for sale) or "utilized" (used) during the reporting period. If utilized, the Organization is required to disclose a description of the programs or activities in which the contributed assets were used, 2) the Organization's policy (if any) about monetizing rather than utilizing contributed nonfinancial assets, 3) a description of any donor-imposed restrictions associated with the contributed nonfinancial assets, 4) a description of the valuation techniques and inputs used to arrive at a fair value measurement, in accordance with Topic 820, Fair Value Measurement, and 5) the principal market used to arrive at a fair value measurement if it is a market in which the recipient organization is prohibited by a donor-imposed restriction from selling or using the contributed nonfinancial asset. The guidance will be effective for annual financial statements issued for fiscal years beginning after June 15, 2021. Based on a preliminary analysis, the Organization does expect the new guidance will have a significant impact on its consolidated financial statements.

SouthSide Early Childhood Center
Notes to Consolidated Financial Statements
December 31, 2020 and 2019

3. Fair Value Measurements

The framework for measuring fair value establishes a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair value into Levels 1, 2, and 3. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

- | | |
|---------|--|
| Level 1 | Inputs to the valuation methodology are unadjusted quoted prices for identical instruments in active markets. |
| Level 2 | Inputs to the valuation methodology to include quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in inactive markets, inputs other than quoted prices that are observable for the instrument, or inputs that are derived principally from or corroborated by observable market data by correlation or other means. |
| Level 3 | Inputs to the valuation methodology are unobservable and significant to the fair value measurement. |

The instruments' 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 maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for instruments measured at fair value:

- | | |
|---------|--|
| Level 1 | Instruments consist of money market funds and publicly traded mutual funds. These securities are traded on national exchanges and are stated at the last reported sales price on the day of valuation. |
|---------|--|

The following table presents the fair value measurements of instruments recognized in the accompanying consolidated statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements are categorized at December 31, 2020 and 2019:

SouthSide Early Childhood Center
Notes to Consolidated Financial Statements
December 31, 2020 and 2019

	2020			
	Total	Fair Value Measurements		
		Level 1	Level 2	Level 3
Investments:				
Money Market Funds	\$ 6,275	\$ 6,275	\$ -	\$ -
Mutual Funds:				
Balance/Asset				
allocation	24,661	24,661	-	-
Fixed income	90,374	90,374	-	-
Large U.S. Equity	108,495	108,495	-	-
Small/Mid U.S.				
Equity	56,303	56,303	-	-
	279,833	279,833	-	-
Total Investments	\$ 286,108	\$ 286,108	\$ -	\$ -
	2019			
	Total	Fair Value Measurements		
		Level 1	Level 2	Level 3
Investments:				
Money Market Funds	\$ 235,015	\$ 235,015	\$ -	\$ -
Total Investments	\$ 235,015	\$ 235,015	\$ -	\$ -

4. Unconditional Promises to Give

Unconditional promises to give at December 31, are as follows:

	2020	2019
Less than one year	\$ 438,887	\$ 302,434

The Organization has determined that a discount on unconditional promises to give is not required to be recorded at December 31, 2020 and 2019.

SouthSide Early Childhood Center
Notes to Consolidated Financial Statements
December 31, 2020 and 2019

5. Property and Equipment

Property and equipment at December 31, is as follows:

	2020	2019
Land	\$ 652,383	\$ 652,383
Buildings and improvements	3,532,161	3,532,161
Furniture and equipment	404,367	322,002
	4,588,911	4,506,546
Less accumulated depreciation	903,568	748,338
	\$ 3,685,343	\$ 3,758,208

Depreciation expense for the years ended December 31, 2020 and 2019 totaled \$154,996 and \$169,189, respectively.

6. Debt - Paycheck Protection Program

The Organization received a loan from Commerce Bank in the amount of \$420,600 under the Paycheck Protection Program established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The loan is subject to a note dated April 20, 2020 and may be forgiven to the extent proceeds of the loan are used for eligible expenditures such as payroll and other expenses described in the CARES Act. No determination has been made as to whether the Organization will be eligible for forgiveness, in whole or in part. If the loan is not forgiven, the loan will be repaid in monthly payments with interest at 1.00 percent beginning on the date the loan forgiveness amount is determined, with the final payment due on April 20, 2022.

SouthSide Early Childhood Center
Notes to Consolidated Financial Statements
December 31, 2020 and 2019

7. Liquidity and Availability of Financial Assets

The following reflects the Organization's consolidated financial assets as of December 31, reduced by amounts not available for general use within one year because of contractual or donor-imposed restrictions or internal designations.

	<u>2020</u>	<u>2019</u>
Cash	\$ 1,170,566	\$ 715,208
Accounts receivable	-	84,176
Unconditional promises to give	438,887	302,434
Contractual or donor-imposed restrictions and internal designations:		
Donor restrictions	(736,600)	(229,334)
Board designated - capital expenditures	<u>(166,692)</u>	<u>(166,692)</u>
Financial Assets Available to Meet Cash Needs for Expenditures Within One Year	<u>\$ 706,161</u>	<u>\$ 705,792</u>

Our endowment funds consist of donor-restricted endowments and funds designated by the board as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor restricted endowment funds are not available for general expenditure.

The Organization's primary sources of support are contributions, fees for services, and foundation grants. Some support is required to be used in accordance with the purpose restrictions imposed by the donors.

8. Net Assets With Donor Restrictions

Net assets with donor restrictions at December 31, are restricted for the following purposes or periods:

	<u>2020</u>	<u>2019</u>
Subject to expenditures for specified purpose	\$ 38,655	\$ 229,334
Subject to passage of time	366,381	272,251
Endowment: investment in perpetuity, the income of which is expendable to support programs	<u>286,814</u>	<u>235,015</u>
	<u>\$ 691,850</u>	<u>\$ 736,600</u>

Assets released from restrictions for the years ended December 31, are as follows:

	<u>2020</u>	<u>2019</u>
Released from restrictions of purpose	\$ 70,000	\$ 496,715
Released from restrictions of time	<u>383,585</u>	<u>392,832</u>
	<u>\$ 453,585</u>	<u>\$ 889,547</u>

SouthSide Early Childhood Center
Notes to Consolidated Financial Statements
December 31, 2020 and 2019

9. Endowment Funds

The Organization's endowment was established in 2017 and includes funds designated by the Board of Trustees and donors to function as endowments. As required by accounting standards, net assets associated with endowment funds, including funds designated by the Board of Trustees and donors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Trustees has interpreted Missouri State Prudent Management of Institutional Funds Act ("SPMIFA") as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At December 31, 2020 and 2019, there were no such donor stipulations. As a result of this interpretation, the Organization retains in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts) donated to the Endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by SPMIFA. The Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- The investment policies of the Organization

Endowment funds at December 31, are as follows:

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total Endowment Assets
Donor-restricted endowment funds	\$ -	\$ 286,814	\$ 286,814
	2019		
	Without Donor Restrictions	With Donor Restrictions	Total Endowment Assets
Donor-restricted endowment funds	\$ -	\$ 235,015	\$ 235,015

SouthSide Early Childhood Center
Notes to Consolidated Financial Statements
December 31, 2020 and 2019

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Organization has interpreted SPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law.

The Organization has adopted investment and spending policies for the Endowment that attempt to provide a predictable stream of funding for operations while seeking to maintain the purchasing power of the endowment assets. Over time, long-term rates of return should be equal to an amount sufficient to maintain the purchasing power of the Endowment assets, to provide the necessary capital to fund the spending policy, and to cover the costs of managing the Endowment investments. The target minimum rate of return is the Consumer Price Index plus 5 percent on an annual basis. Actual returns in any given year may vary from this amount. To satisfy this long-term rate-of-return objective, the investment portfolio is structured on a total-return approach through which investment returns are achieved through both capital appreciation (realized and unrealized) and current yields (interest and dividends). A significant portion of the funds are invested to seek growth of principal over time.

Changes in endowment net assets for the years ended December 31, are as follows:

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total Endowment Assets
Endowment net assets, beginning of year	\$ -	\$ 235,015	\$ 235,015
Contributions	-	293	293
Investment income	-	8,403	8,403
Net appreciation	-	42,397	42,397
Endowment net assets, end of year	\$ -	\$ 286,108	\$ 286,108
	2019		
	Without Donor Restrictions	With Donor Restrictions	Total Endowment Assets
Endowment net assets, beginning of year	\$ -	\$ 30,263	\$ 30,263
Contributions	-	208,562	208,562
Investment income	-	407	407
Net depreciation	-	(4,217)	(4,217)
Endowment net assets, end of year	\$ -	\$ 235,015	\$ 235,015

SouthSide Early Childhood Center
Notes to Consolidated Financial Statements
December 31, 2020 and 2019

10. Retirement Plan

The Organization has a 401(k)-profit sharing plan where eligible employees can contribute a percentage of their annual compensation not to exceed federal limits. The Organization did not make contributions to the plan for the years ended December 31, 2020 and 2019.

11. Risks and Uncertainties

Concentrations

Contributions from one grantee was approximately 28 and 20 percent of the Organization's revenue during the year ended December 31, 2020 and 2019, respectively.

Concentration of Credit Risk

Financial instruments, which potentially subject the Organization to concentrations of credit risk, consist principally of cash and cash equivalents, receivables, and unconditional promises to give. The Organization maintains its cash primarily with four financial institutions. Deposits at these banks are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. At December 31, 2020, there were cash balances of \$431,322 in excess of federally insured limits at the banks. The Organization performs ongoing credit evaluations of its customers and maintains allowances, as needed, for potential credit losses. Although the Organization is directly affected by the financial stability of its customer base, management does not believe significant credit risk exists at December 31, 2020.

Economic Conditions

The recent COVID-19 outbreak has caused a downturn in business activity across most industries in the United States. The Organization cannot reasonably estimate the length or severity of this pandemic. At this time it remains too early to estimate the length or the full impact on the Organization's financial results.

12. New Market Tax Credit

SouthSide entered into a New Market Tax Credit transaction with U.S. Bancorp Community Development Corporation, the "investor" of the tax credits, and Saint Louis Development Corporation ("SLDC"), an entity making community investment loans to SouthSide in 2013. FOSS was the Leverage Lender in the transaction. During 2019, FOSS forgave the note receivable between SouthSide and FOSS resulting in the cancellation of the note receivable and payable from the New Market Tax Credit between the two entities.

SouthSide Early Childhood Center
Consolidating Statement of Financial Position
December 31, 2020

	<u>SSEC</u>	<u>FOSS</u>	<u>Eliminations</u>	<u>Consolidated</u>
Assets				
Cash and cash equivalents	\$ 1,003,874	\$ 166,692	\$ -	\$ 1,170,566
Unconditional promises to give	438,887	-	-	438,887
Prepaid expenses	16,045	-	-	16,045
Total Current Assets	<u>1,458,806</u>	<u>166,692</u>	<u>-</u>	<u>1,625,498</u>
Investments, at Fair Value	286,814	-	-	286,814
Property and Equipment, net	<u>3,685,343</u>	<u>-</u>	<u>-</u>	<u>3,685,343</u>
Total Assets	<u>\$ 5,430,963</u>	<u>\$ 166,692</u>	<u>\$ -</u>	<u>\$ 5,597,655</u>
Liabilities and Net Assets				
Current Liabilities				
Accounts payable	\$ 57,003	\$ -	\$ -	\$ 57,003
Accrued expenses	89,377	-	-	89,377
Deferred revenue	32,281	-	-	32,281
Total Current Liabilities	<u>178,661</u>	<u>-</u>	<u>-</u>	<u>178,661</u>
Debt - Paycheck Protection Program	<u>420,600</u>	<u>-</u>	<u>-</u>	<u>420,600</u>
Total Liabilities	<u>599,261</u>	<u>-</u>	<u>-</u>	<u>599,261</u>
Net Assets				
Without donor restrictions	4,139,852	166,692	-	4,306,544
With donor restrictions	<u>691,850</u>	<u>-</u>	<u>-</u>	<u>691,850</u>
Total Net Assets	<u>4,831,702</u>	<u>166,692</u>	<u>-</u>	<u>4,998,394</u>
Total Liabilities and Net Assets	<u>\$ 5,430,963</u>	<u>\$ 166,692</u>	<u>\$ -</u>	<u>\$ 5,597,655</u>

SouthSide Early Childhood Center
Consolidating Statement of Financial Position
December 31, 2019

	<u>SSEC</u>	<u>FOSS</u>	<u>Eliminations</u>	<u>Consolidated</u>
Assets				
Cash and cash equivalents	\$ 548,516	\$ 166,692	\$ -	\$ 715,208
Accounts receivable	84,176	-	-	84,176
Unconditional promises to give	302,434	-	-	302,434
Prepaid expenses	<u>43,101</u>	<u>-</u>	<u>-</u>	<u>43,101</u>
Total Current Assets	978,227	166,692	-	1,144,919
Investments, at Fair Value	235,015	-	-	235,015
Property and Equipment, net	<u>3,758,208</u>	<u>-</u>	<u>-</u>	<u>3,758,208</u>
Total Assets	<u>\$ 4,971,450</u>	<u>\$ 166,692</u>	<u>\$ -</u>	<u>\$ 5,138,142</u>
Liabilities and Net Assets				
Current Liabilities				
Accounts payable	\$ 71,240	\$ -	\$ -	\$ 71,240
Accrued expenses	112,933	-	-	112,933
Deferred revenue	<u>19,750</u>	<u>-</u>	<u>-</u>	<u>19,750</u>
Total Current Liabilities	203,923	-	-	203,923
Net Assets				
Without donor restrictions	4,030,927	166,692	-	4,197,619
With donor restrictions	<u>736,600</u>	<u>-</u>	<u>-</u>	<u>736,600</u>
Total Net Assets	<u>4,767,527</u>	<u>166,692</u>	<u>-</u>	<u>4,934,219</u>
Total Liabilities and Net Assets	<u>\$ 4,971,450</u>	<u>\$ 166,692</u>	<u>\$ -</u>	<u>\$ 5,138,142</u>

**SouthSide Early Childhood Center
Consolidating Statement of Activities
Year Ended December 31, 2020**

	<u>SSEC</u>	<u>FOSS</u>	<u>Eliminations</u>	<u>Consolidated</u>
Revenue, Gains and Other Support				
Contributions	\$ 1,053,792	\$ -	\$ -	\$ 1,053,792
Grants	1,152,101	-	-	1,152,101
In-kind contributions	21,275	-	-	21,275
United Way funding	206,139	-	-	206,139
Program fees	307,336	-	-	307,336
Special events, net of direct expenses of \$108,898	300,299	-	-	300,299
Net realized/unrealized gain on investments	64,069	-	-	64,069
Total Revenue, Gains and Other Support	<u>3,105,011</u>	<u>-</u>	<u>-</u>	<u>3,105,011</u>
Expenses				
Program Services	<u>2,465,614</u>	<u>-</u>	<u>-</u>	<u>2,465,614</u>
Supporting Activities				
Management and general	402,605	-	-	402,605
Fundraising	<u>172,617</u>	<u>-</u>	<u>-</u>	<u>172,617</u>
Total Supporting Activities	<u>575,222</u>	<u>-</u>	<u>-</u>	<u>575,222</u>
Total Expenses	<u>3,040,836</u>	<u>-</u>	<u>-</u>	<u>3,040,836</u>
Change in Net Assets	64,175	-	-	64,175
Net Assets, Beginning of Year	<u>4,769,653</u>	<u>166,692</u>	<u>(2,126)</u>	<u>4,934,219</u>
Net Assets, End of Year	<u>\$ 4,833,828</u>	<u>\$ 166,692</u>	<u>\$ (2,126)</u>	<u>\$ 4,998,394</u>

**SouthSide Early Childhood Center
Consolidating Statement of Activities
Year Ended December 31, 2019**

	<u>SSEC</u>	<u>FOSS</u>	<u>Eliminations</u>	<u>Consolidated</u>
Revenue, Gains and Other Support				
Contributions and grants	\$ 913,324	\$ -	\$ -	\$ 913,324
Government contracts	1,061,604	-	-	1,061,604
United Way funding	249,215	-	-	249,215
Program service fees	510,956	7,104	(7,104)	510,956
Special events, net of direct expenses of \$120,591	263,409	-	-	263,409
Net realized/unrealized gain (loss) on investments	<u>(3,334)</u>	<u>-</u>	<u>-</u>	<u>(3,334)</u>
Total Revenues, Gains and Other Support	<u>2,995,174</u>	<u>7,104</u>	<u>(7,104)</u>	<u>2,995,174</u>
Expenses:				
Program Services	<u>2,885,237</u>	<u>4,978</u>	<u>(4,978)</u>	<u>2,885,237</u>
Supporting Activities				
Management and general	208,150	-	-	208,150
Fundraising	181,249	-	-	181,249
Total Supporting Activities	<u>389,399</u>	<u>-</u>	<u>-</u>	<u>389,399</u>
Total Expenses	<u>3,274,636</u>	<u>4,978</u>	<u>(4,978)</u>	<u>3,274,636</u>
Change in Net Assets Before Gain (Loss) on Forgiveness of Debt	(279,462)	2,126	(2,126)	(279,462)
Gain (Loss) on Forgiveness of Debt	<u>3,817,585</u>	<u>(2,720,800)</u>	<u>-</u>	<u>1,096,785</u>
Change in Net Assets	3,538,123	(2,718,674)	(2,126)	817,323
Net Assets, Beginning of Year	<u>1,231,530</u>	<u>2,885,366</u>	<u>-</u>	<u>4,116,896</u>
Net Assets, End of Year	<u>\$ 4,769,653</u>	<u>\$ 166,692</u>	<u>\$ (2,126)</u>	<u>\$ 4,934,219</u>