

Child Care Council of Westchester, Inc.

Financial Statements

June 30, 2023 and 2022

Independent Auditors' Report

Board of Directors
Child Care Council of Westchester, Inc.

Opinion

We have audited the accompanying financial statements of Child Care Council of Westchester, Inc. (the "Council"), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses and cash flows 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 the Council 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Council and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Policy

As discussed in Note 2 to the financial statements, the Council adopted Financial Accounting Standards Board Topic 842, *Leases*, using the effective date method with July 1, 2022, as the initial date of adoption, with certain practical expedients available. Our opinion is not modified with respect to that matter.

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 the Council's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the 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 the Council's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Council's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

PKF O'Connor Davies, LLP

October 24, 2023

Child Care Council of Westchester, Inc.

Statements of Financial Position

	June 30,	
	<u>2023</u>	<u>2022</u>
ASSETS		
Cash	\$ 323,996	\$ 981,729
Investments	1,550,517	1,508,143
Accounts receivable	2,656,883	1,790,542
Prepaid expenses and other assets	37,352	8,409
Right of use operating lease asset, net	<u>1,351,358</u>	<u>-</u>
	<u>\$ 5,920,106</u>	<u>\$ 4,288,823</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 1,046,138	\$ 936,059
Deferred rent	-	111,436
Operating lease liability	<u>1,453,237</u>	<u>-</u>
Total Liabilities	<u>2,499,375</u>	<u>1,047,495</u>
Net Assets		
Without donor restrictions	2,766,893	2,328,326
With donor restrictions	<u>653,838</u>	<u>913,002</u>
Total Net Assets	<u>3,420,731</u>	<u>3,241,328</u>
	<u>\$ 5,920,106</u>	<u>\$ 4,288,823</u>

See notes to financial statements

Child Care Council of Westchester, Inc.

Statements of Activities

	Year Ended June 30,	
	2023	2022
NET ASSETS WITHOUT DONOR RESTRICTIONS		
OPERATING REVENUE		
Program revenue	\$ 10,990,039	\$ 8,120,005
Contributions	127,170	32,080
Other income	17,332	6,414
Special events, net of direct expenses of \$74,063 and \$57,746	126,585	155,306
Investment return	34,531	(72,086)
CARES Act stimulus revenue	-	435,062
Net assets released from restriction	409,832	362,073
Total Operating Revenue	11,705,489	9,038,854
OPERATING EXPENSES		
Program services	10,197,179	7,096,329
General and administrative	936,010	788,149
Fundraising	133,733	129,259
Total Operating Expenses	11,266,922	8,013,737
Change in Net Assets Without Donor Restrictions	438,567	1,025,117
NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	121,065	769,751
Investment return	29,603	(118,481)
Net assets released from restriction	(409,832)	(362,073)
Change in Net Assets With Donor Restrictions	(259,164)	289,197
Change in Net Assets	179,403	1,314,314
NET ASSETS		
Beginning of year	3,241,328	1,927,014
End of year	\$ 3,420,731	\$ 3,241,328

See notes to financial statements

Child Care Council of Westchester, Inc.

Statement of Functional Expenses
Year Ended June 30, 2023

	Program Services					Total Program Services	General and Administrative	Fundraising	Direct Costs of Special Events	Total Expenses
	Family and Employer Services	Provider Services	Professional Development	Health Services	Scholarships					
Salaries	\$ 254,259	\$ 832,647	\$ 827,950	\$ 84,204	\$ 184,415	\$ 2,183,475	\$ 693,030	\$ 120,480	\$ -	\$ 2,996,985
Fringe benefits	<u>27,208</u>	<u>94,943</u>	<u>82,534</u>	<u>9,059</u>	<u>17,764</u>	<u>231,508</u>	<u>66,767</u>	<u>13,253</u>	-	<u>311,528</u>
Total Salaries and Fringe Benefits	281,467	927,590	910,484	93,263	202,179	2,414,983	759,797	133,733	-	3,308,513
Professional fees and services	11,814	46,628	603,320	-	5,460	667,222	23,452	-	-	690,674
Payments to individuals and groups	-	-	41,017	-	-	41,017	-	-	-	41,017
Provider grant expenditure	751	31,281	112,500	-	1	144,533	8,528	-	-	153,061
Supplies	4,442	22,381	14,174	398	2,369	43,764	4,608	-	-	48,372
Staff training and development	6,782	18,576	18,198	995	3,731	48,282	9,800	-	-	58,082
Postage	419	8,904	341	62	401	10,127	898	-	-	11,025
Publicity and promotion	3,510	6,417	1,719	95	3,191	14,932	2,529	-	-	17,461
Telephone	2,264	5,809	1,465	158	876	10,572	2,126	-	-	12,698
Rent and utilities	68,066	176,830	47,203	-	26,983	319,082	40,442	-	-	359,524
Child and adult care food meal expenses and other	-	3,730,542	-	-	-	3,730,542	-	-	-	3,730,542
Equipment and rentals	4,809	11,972	4,454	-	2,551	23,786	2,717	-	-	26,503
Travel	1,580	6,486	30,698	1,673	275	40,712	371	-	-	41,083
Printing	1,434	3,927	909	-	548	6,818	1,297	-	-	8,115
Insurance	4,236	11,655	5,486	-	1,717	23,094	3,789	-	-	26,883
Workshop and conferences	-	-	10,569	177	-	10,746	135	-	-	10,881
Dues, publications and subscriptions	1,922	5,191	1,481	-	712	9,306	3,015	-	-	12,321
Maintenance	2,102	5,562	1,297	58	892	9,911	2,201	-	-	12,112
Scholarships	-	-	-	-	2,615,149	2,615,149	18,218	-	-	2,633,367
Special events	-	-	86	-	-	-	44,144	-	74,063	118,207
Miscellaneous	<u>2,228</u>	<u>6,062</u>	<u>3,170</u>	<u>352</u>	<u>789</u>	<u>12,601</u>	<u>7,943</u>	-	-	<u>20,544</u>
Total Expenses	397,826	5,025,813	1,808,571	97,231	2,867,824	10,197,179	936,010	133,733	74,063	11,340,985
Expenses Deducted Directly from Revenues on the Statement of Activities										
Direct cost of special events	-	-	-	-	-	-	-	-	(74,063)	(74,063)
Total Expenses Reported by Function	<u>\$ 397,826</u>	<u>\$ 5,025,813</u>	<u>\$ 1,808,571</u>	<u>\$ 97,231</u>	<u>\$ 2,867,824</u>	<u>\$ 10,197,179</u>	<u>\$ 936,010</u>	<u>\$ 133,733</u>	<u>\$ -</u>	<u>\$ 11,266,922</u>

Child Care Council of Westchester, Inc.

Statement of Functional Expenses
Year Ended June 30, 2022

	Program Services					Total Program Services	General and Administrative	Fundraising	Direct Costs of Special Events	Total Expenses
	Family and Employer Services	Provider Services	Professional Development	Health Services	Scholarships					
Salaries	\$ 260,995	\$ 728,388	\$ 731,573	\$ 76,590	\$ 61,836	\$ 1,859,382	\$ 576,460	\$ 116,450	\$ -	\$ 2,552,292
Fringe benefits	27,554	85,094	74,019	6,355	6,772	199,794	65,345	12,809	-	277,948
Total Salaries and Fringe Benefits	288,549	813,482	805,592	82,945	68,608	2,059,176	641,805	129,259	-	2,830,240
Professional fees and services	11,485	35,041	649,172	1,703	4,427	701,828	53,361	-	-	755,189
Payments to individuals and groups	-	-	31,038	-	-	31,038	-	-	-	31,038
Provider grant expenditure	5	114,037	69,957	-	3	184,002	247	-	-	184,249
Supplies	3,750	38,099	7,085	149	1,040	50,123	3,450	-	-	53,573
Staff training and development	4,286	10,259	7,857	21	1,416	23,838	8,423	-	-	32,261
Postage	586	6,835	46	78	-	7,545	580	-	-	8,125
Publicity and promotion	2,228	4,798	2,072	-	1,678	10,776	2,728	-	-	13,504
Recruitment	499	-	1,000	-	106	1,605	519	-	-	2,124
Telephone	2,129	5,890	1,863	149	638	10,669	1,542	-	-	12,211
Rent and utilities	59,272	181,341	54,440	-	15,820	310,873	32,495	-	-	343,368
Child and adult care food meal expenses and other	-	2,903,806	-	-	-	2,903,806	-	-	-	2,903,806
Equipment and rentals	7,464	23,858	9,611	749	3,614	45,296	6,825	-	-	52,121
Travel	360	3,300	15,274	777	9	19,720	292	-	-	20,012
Printing	2,112	6,514	1,779	-	933	11,338	1,306	-	-	12,644
Insurance	3,524	10,855	5,067	-	1,049	20,495	2,439	-	-	22,934
Workshop and conferences	-	-	11,703	982	-	12,685	94	-	-	12,779
Dues, publications and subscriptions	1,609	3,811	1,455	-	665	7,540	2,607	-	-	10,147
Maintenance	1,650	5,027	1,571	-	591	8,839	1,155	-	-	9,994
Scholarships	-	-	-	-	668,295	668,295	19,000	-	-	687,295
Special events	-	-	-	-	-	-	-	-	57,746	57,746
Miscellaneous	819	3,159	2,296	292	276	6,842	9,281	-	-	16,123
Total Expenses	390,327	4,170,112	1,678,877	87,845	769,168	7,096,329	788,149	129,259	57,746	8,071,483
Expenses Deducted Directly from Revenues on the Statement of Activities										
Direct cost of special events	-	-	-	-	-	-	-	-	(57,746)	(57,746)
Total Expenses Reported by Function	\$ 390,327	\$ 4,170,112	\$ 1,678,877	\$ 87,845	\$ 769,168	\$ 7,096,329	\$ 788,149	\$ 129,259	\$ -	\$ 8,013,737

Child Care Council of Westchester, Inc.

Statements of Cash Flows

	<u>Year Ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 179,403	\$ 1,314,314
Adjustments to reconcile change in net assets to net cash from operating activities		
Deferred rent	-	(6,653)
Non cash lease expense	233,088	-
Realized and unrealized loss on investments	15,688	233,821
Change in operating assets and liabilities		
Accounts receivable	(866,341)	(561,749)
Prepaid expenses and other assets	(28,943)	738
Paycheck Protection Program refundable advance	-	(435,062)
Operating lease liability	(242,645)	-
Accounts payable and accrued expenses	<u>110,079</u>	<u>11,855</u>
Net Cash from Operating Activities	<u>(599,671)</u>	<u>557,264</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	136,425	(548,282)
Proceeds from sale of investments	<u>(194,487)</u>	<u>9,395</u>
Net Cash from Investing Activities	<u>(58,062)</u>	<u>(538,887)</u>
Net Change in Cash	(657,733)	18,377
CASH		
Beginning of year	<u>981,729</u>	<u>963,352</u>
End of year	<u>\$ 323,996</u>	<u>\$ 981,729</u>

See notes to financial statements

Child Care Council of Westchester, Inc.

Notes to Financial Statements
June 30, 2023 and 2022

1. Organization

The Child Care Council of Westchester, Inc. (the "Council"), founded in 1968, is a private, nonprofit resource and referral organization dedicated to optimizing the quality of life for children and working parents in Westchester County, NY. The Council promotes child care by offering training and support services for potential or established child care providers including family child care providers, child care centers and school age care programs.

The Council is exempt from federal and state income tax under Section 501(c)(3) of the Internal Revenue Code.

2. Summary of Significant Accounting Policies

Basis of Presentation and Use of Estimates

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Change in Accounting Policies

Leases

The Council adopted FASB Topic 842, *Leases*, using the effective date method with July 1, 2022 as the date of initial adoption, with certain practical expedients available.

The Council elected the available practical expedients to account for its existing operating leases as operating leases, under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of capital (now finance) leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at least commencement.

The Council elected the hindsight practical expedient to determine the lease term for existing leases. The election of the hindsight practical expedient resulted in the shortening of lease terms for certain existing leases.

As a result of the adoption of the new lease accounting guidance, the Council recognized a lease liability of \$1,695,882, which represents lease payments of \$1,856,460, discounted using a weighted average discount of 2.90% and a right of use asset of \$1,584,446, which represents the lease liability less deferred rent of \$111,436 at July 1, 2022.

Child Care Council of Westchester, Inc.

Notes to Financial Statements
June 30, 2023 and 2022

2. Summary of Significant Accounting Policies *(continued)*

Net Assets

Net Assets Without Donor Restrictions

Net assets without donor restrictions are available for use at the discretion of the Board of Directors (the "Board") and management for general operating purposes. From time to time, the Board may designate a portion of these net assets for specific purposes, which makes them unavailable for use at management's discretion. This class also includes restricted gifts whose donor-imposed restrictions were met within the same year as received the donated assets for either specified or unspecified purposes.

Net Assets With Donor Restrictions

Net assets with donor restrictions are those resulting from contributions and other inflows of assets whose use by the Council is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Council pursuant to those stipulations. The Council reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statements of activities as net assets released from restrictions.

Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the Council to expend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations or a Board approved spending policy. The Council has no net assets to be maintained in perpetuity.

Fair Value Measurement

The Council follows U.S. GAAP guidance on fair value measurements which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

The value by input level of the Council's investments is included in Note 3 to the financial statements.

Child Care Council of Westchester, Inc.

Notes to Financial Statements
June 30, 2023 and 2022

2. Summary of Significant Accounting Policies (*continued*)

Investments and Investment Income

Investments are carried at fair value, except for certificates of deposits and money market funds which are valued at cost. Purchases and sales of securities are recorded on a trade-date basis. Unrealized gains and losses are included in the change in net assets. Investment income or loss is included in the statements of activities as increases or decreases in net assets without donor restrictions unless the income or loss is restricted by donor or law, when earned.

Accounting for Uncertainty in Income Taxes

The Council recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that the Council had no uncertain tax positions that would require financial statement recognition or disclosure. The Council is no longer subject to examinations by the applicable taxing jurisdictions for periods prior to fiscal year 2020.

Contributions

All contributions are considered available for general use, unless specifically restricted by the donor or subject to other legal restrictions. The Council's policy is to report contributions with donor-imposed restrictions as without donor restrictions when those restrictions are met in the same year that the contributions are received.

Allowance for Doubtful Accounts

Allowances are recorded when appropriate. The determination of an allowance is an estimate based on the Council's historical experience, review of account balances and expectations relative to collections. At June 30, 2023 and 2022 the Council determined that an allowance was not necessary.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Most of these expenses are allocated based on an assessment of where employees' time is spent. Certain expenses are allocated on a square footage basis such as rent and utilities.

Revenue Recognition

The Council receives a significant amount of its program revenue, including grants, contracts and program service fees, from state and local government agencies. Revenue from contract and grants are recognized as related expenses are incurred. Fees for service revenue are recognized when services are provided. Fees for service revenue is recorded at the amount that reflects the consideration to which the Council expects to be entitled in exchange for providing services. Revenue for performance obligations satisfied at a point in time is recognized when services are provided, and the Council does not believe it is required to provide additional services. As of July 1, 2022, accounts receivable was \$1,228,793.

Child Care Council of Westchester, Inc.

Notes to Financial Statements
June 30, 2023 and 2022

2. Summary of Significant Accounting Policies (continued)

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is October 24, 2023.

3. Investments

Investments at June 30, 2023 and 2022, categorized according to the fair value hierarchy for those investments measured at fair value, are as follows:

	2023	
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Total
Mutual funds	\$ 932,805	\$ 932,805
Exchange-traded funds and closed-end funds	440,468	440,468
	\$ 1,373,273	1,373,273
Money market funds, at cost		177,244
		\$ 1,550,517
	2022	
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Total
Mutual funds	\$ 919,866	\$ 919,866
Exchange-traded funds and closed-end funds	540,866	540,866
	\$ 1,460,732	1,460,732
Money market funds, at cost		47,411
		\$ 1,508,143

Child Care Council of Westchester, Inc.

Notes to Financial Statements
June 30, 2023 and 2022

3. Investments (continued)

Investment return for the years ended June 30, 2023 and 2022 is as follows:

	2023	2022
Realized and unrealized (loss) on investments	\$ (15,688)	\$ (233,821)
Dividends and interest	87,385	51,120
Investment fees	(7,563)	(7,866)
	\$ 64,134	\$ (190,567)

4. Lease Commitments

On April 4, 2008, the Council entered into a cancelable 10-year premises lease which commenced August 1, 2008. In November 2016, the Council renewed its lease agreement for an additional 10 years which now expires in November 2028. The agreement has a cancellation option to terminate the lease effective November 30, 2025. The Council also has a postage machine lease and a copier lease. As of June 30, 2023, assets recorded under operating leases are \$1,584,446 and accumulated amortization associated with operating leases is \$233,088.

Lease expense	
Operating lease cost	\$278,358
Supplemental cash flows	
Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows from operating leases	\$287,915
Weighted average discount rate	
Operating leases	2.90%
Weighted average remaining lease term	
Operating leases	5.38

Future minimum lease commitments under non-cancellable leases at June 30, 2023 are payable as follows:

2024	\$ 290,819
2025	287,946
2026	286,286
2027	289,190
2028	292,094
Thereafter	122,210
Total future minimum lease payments	1,568,545
Less imputed interest	(115,308)
Total lease liabilities	\$ 1,453,237

Child Care Council of Westchester, Inc.

Notes to Financial Statements June 30, 2023 and 2022

4. Lease Commitments (*continued*)

Rent expense was \$278,358 and \$271,631 for the years ended June 30, 2023 and 2022.

The following disclosures are required under FASB ASC 840, Leases, and are presented as of and for the year ended June 30, 2022, as management of the Council elected to adopt FASB ASC 842, Leases, as of July 1, 2022 using the effective date method. For the year ended June 30, 2022, in accordance with U.S. GAAP, the Council is recognizing the anticipated rental expense on a straight-line basis over the term of the lease.

5. Contingencies

At June 30, 2022, under a financing arrangement with a bank, the Council had a letter of credit for \$32,583 to guarantee the security deposit owed on the Council's leased property. In February 2023, the Council switched banking institutions at which point the letter of credit was canceled. The security deposit was satisfied by the issuance of a check held by the Council's landlord. At June 30, 2022, the maximum amount available for borrowing under the Council's \$450,000 line of credit was \$417,417. That line of credit was closed in February 2023 and replaced by a \$500,000 line of credit at the Council's new banking institution. There is no balance outstanding on the line of credit as of June 30, 2023.

The Council contracts with various governmentally funded programs that are subject to audit. Governmental funding is based upon allowable costs. The Council does not reflect any adjustment for potential disallowances of expenses since management believes that the expenses incurred in such programs should be treated as allowable costs.

The Council is not aware of any allegations of noncompliance with laws and regulations that could have a material adverse effect on the amounts recorded in the financial statements. In addition, management believes the Council has an effective compliance program in place to assist in complying with current laws and regulations and is compliance, in all material respects, with applicable laws and regulations.

6. PPP Refundable Advance

On April 22, 2020, the Council received proceeds under the Paycheck Protection Program in the amount of \$435,062. This program, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loan and accrued interest is forgivable after eight or twenty-four weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the covered period.

The Council has elected to report the loan proceeds as a conditional grant under requirements contained in ASU 2018-08, "Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made." Accordingly, the Council recognizes income as the conditions of the PPP are met. For the year ended June 30, 2022, the Council recognized \$435,062 of PPP loan proceeds as CARES Act stimulus revenue in the statement of activities as the Council received full forgiveness of the PPP refundable advance.

Child Care Council of Westchester, Inc.

Notes to Financial Statements
June 30, 2023 and 2022

7. Pension Plan

The Council maintains a 403(b) pension plan. For each plan year the Council makes a basic contribution according to the following schedule on behalf of eligible participants:

<u>Years of Service</u>	<u>Employer Nonelective Contribution Percentage</u>
0 to 2	0% of Participants' Compensation
3 to 4	2% of Participants' Compensation
5 or more	3% of Participants' Compensation

Total pension expense for the years ended June 30, 2023 and 2022 was \$55,034 and \$50,013. The Council's pension plan includes a Roth Elective Deferral Contribution clause, which allows employees to make after tax contributions to the plan.

8. Net Assets With Donor Restrictions

Net assets with donor restrictions at June 30 are available for the following purposes:

	<u>2023</u>	<u>2022</u>
Scholarships	\$ 177,675	\$ 274,432
Employee and program resource enhancements	<u>476,163</u>	<u>638,570</u>
	<u>\$ 653,838</u>	<u>\$ 913,002</u>

Net assets released from restrictions during fiscal years 2023 and 2022 for scholarships amounted to \$110,383 and \$112,715 and for employee and program resource enhancements \$299,449 and \$249,358.

9. Economic Dependence

The Council receives a significant portion of its operating revenue from the New York State Office of Children and Family Services, New York State Department of Health and Westchester County. Program revenue from New York State and Westchester County aggregated approximately \$9,000,000 in 2023 and 2022. The Council is economically dependent on these funds to continue these programs.

10. Concentration of Credit Risk

Financial instruments that potentially subject the Council to concentrations of credit risk consist primarily of cash accounts deposited in financial institutions, which, from time to time, may exceed federal insurance limits, accounts receivable and investments. The investment portfolio is diversified by type of investment and industry concentration so that no individual investment or group of investments represents a significant concentration of market risk. Management believes that the Council does not face a significant risk of loss on these accounts and has not experienced any losses on its cash deposits.

Child Care Council of Westchester, Inc.

Notes to Financial Statements
June 30, 2023 and 2022

10. Concentration of Credit Risk (continued)

The Council provides program services that are covered under various third-party payer agreements. Receivables from such arrangements are included in accounts receivable balance at June 30, 2023 and 2022. Collections are expected in the normal course of business.

11. Liquidity and Availability of Resources

The Council's financial assets available within one year of the statement of financial position date for general expenditures are as follows at June 30:

	<u>2023</u>	<u>2022</u>
Financial assets:		
Cash	\$ 323,996	\$ 981,729
Investments	1,550,517	1,508,143
Accounts receivable	<u>2,656,883</u>	<u>1,790,542</u>
Total financial assets	<u>4,531,396</u>	<u>4,280,414</u>
Less contractual or donor imposed restricted amounts:		
Scholarships	177,675	274,432
Employee and program resource enhancements	<u>476,163</u>	<u>638,570</u>
	<u>653,838</u>	<u>913,002</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 3,877,558</u>	<u>\$ 3,367,412</u>

Liquidity Management

The Council maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities and other obligations come due. As part of liquidity management, the Council invests any excess cash. The Council's primary sources of support are program revenue from various funding agencies, contributions and income from special events held, and the majority of that support is not subject to donor or other contractual restrictions that make them unavailable for general expenditures. The Council also has an existing \$500,00 line of credit available for borrowing as of June 30, 2023.

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