Carole Robertson Center for Learning

Single Audit

June 30, 2019

Sassetti

CERTIFIED PUBLIC ACCOUNTANTS

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CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Carole Robertson Center for Learning
Chicago, Illinois

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of **CAROLE ROBERTSON CENTER FOR LEARNING** (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements referred to above present fairly, in all material respects, the financial position of **CAROLE ROBERTSON CENTER FOR LEARNING** as of June 30, 2019, 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 Summarized Comparative Information

We have previously audited the **CAROLE ROBERTSON CENTER FOR LEARNING**'s 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 18, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 2, 2020, on our consideration of **CAROLE ROBERTSON CENTER FOR LEARNING**'s 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 solely 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 the effectiveness of **CAROLE ROBERTSON CENTER FOR LEARNING**'s 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 **CAROLE ROBERTSON CCENTER FOR LEARNING**'s internal control over financial reporting and compliance.

Sassetti LLC

Oak Park, Illinois

March 2, 2020

CAROLE ROBERTSON CENTER FOR LEARNING

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2019, WITH COMPARATIVE TOTALS FOR JUNE 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total All Funds 2019	Total All Funds 2018
ASSETS				
Current assets				
Cash and cash equivalents	$ 2,753,080	$ 114,187	$ 2,867,267	$ 2,111,644
Accounts receivable, net	2,763,831	147,569	2,911,400	2,798,432
Pledges receivable, net	200,239	-	200,239	165,136
Prepaid expenses	7,407	-	7,407	62,142
Total current assets	5,724,557	261,756	5,986,313	5,137,354
Property and equipment				
Facility	3,215,752	3,718,375	6,934,127	6,934,127
Other property and equipment	1,693,265	193,900	1,887,165	1,643,316
Less: Accumulated depreciation	(3,199,719)	(2,411,797)	(5,611,516)	(5,268,516)
Net property and equipment	1,709,298	1,500,478	3,209,776	3,308,927
Restricted cash	-	126,415	126,415	126,210
Total Assets	$ 7,433,855	$ 1,888,649	$ 9,322,504	$ 8,572,491
LIABILITIES AND NET ASSETS				
Current liabilities				
Accounts payable	$ 256,768	$ -	$ 256,768	$ 363,217
Accrued expenses	449,560	-	449,560	400,548
Current portion of capital leases	75,072	-	75,072	131,468
Current portion of long-term debt	40,340	-	40,340	107,470
Total current liabilities	821,740	-	821,740	1,002,703
Noncurrent portion of capital leases	202,194	-	202,194	-
Long-term debt	220,614	-	220,614	424,901
Total noncurrent liabilities	422,808	-	422,808	424,901
Total liabilities	1,244,548	-	1,244,548	1,427,604
Net Assets				
Undesignated	5,935,307	-	5,935,307	5,162,930
Board designated	254,000	-	254,000	-
Total without donor restrictions	6,189,307	-	6,189,307	5,162,930
With donor restrictions	-	1,888,649	1,888,649	1,981,957
Total net assets	6,189,307	1,888,649	8,077,956	7,144,887
Total Liabilities and Net Assets	$ 7,433,855	$ 1,888,649	$ 9,322,504	$ 8,572,491

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

CAROLE ROBERTSON CENTER FOR LEARNING

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2019, WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Totals 2019	Totals 2018
SUPPORT				
Contributions	$ 226,932	$ 292,933	$ 519,865	$ 513,262
In-kind contributions	143,045	-	143,045	177,579
Special events	64,073	-	64,073	103,756
Net assets released from restrictions	386,446	(386,446)	-	-
Total Support	820,496	(93,513)	726,983	794,597
REVENUES				
Governmental contracts	10,676,779	-	10,676,779	9,705,764
Program related fees	249,625	-	249,625	269,635
Fees from other non-profits	259,857	-	259,857	301,711
Interest	8,383	205	8,588	2,130
Other earned income	49	-	49	-
Total Revenues	11,194,693	205	11,194,898	10,279,240
Total Revenues and Support	12,015,189	(93,308)	11,921,881	11,073,837
PROGRAM EXPENSES				
Infant/toddler	5,043,807	-	5,043,807	4,698,823
Early childhood	2,703,228	-	2,703,228	3,025,613
School age and youth	839,603	-	839,603	771,175
Community programming	230,575	-	230,575	304,231
Total Program Expenses	8,817,213	-	8,817,213	8,799,842
SUPPORTING SERVICES				
Fundraising	475,447	-	475,447	384,630
General and administrative	1,696,152	-	1,696,152	1,234,539
Total Supporting Services Expenses	2,171,599	-	2,171,599	1,619,169
Total Expenses	10,988,812	-	10,988,812	10,419,011
CHANGE IN NET ASSETS	1,026,377	(93,308)	933,069	654,826
NET ASSETS BEGINNING OF YEAR	5,162,930	1,981,957	7,144,887	6,490,061
NET ASSETS END OF YEAR	$ 6,189,307	$ 1,888,649	$ 8,077,956	$ 7,144,887

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

CAROLE ROBERTSON CENTER FOR LEARNING

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2019, WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2018

	Program Expenses				Supporting Services		Totals	
	Infant/Toddler	Early Childhood	School Age and Youth	Community Programming	Fundraising	General and Administrative	2019	2018
Expenses - personnel related								
Salaries and wages	$ 3,022,328	$ 1,411,252	$ 411,582	$ 149,383	$ 255,193	$ 974,660	$ 6,224,398	$ 6,150,280
Fringe benefits	562,622	272,806	107,530	28,938	47,980	173,813	1,193,689	1,198,801
Contractual service expenses	426,483	358,673	31,179	3,689	23,584	354,780	1,198,388	668,443
In-kind services	11,077	7,988	-	-	-	-	19,065	53,599
Total expenses - personnel related	4,022,510	2,050,719	550,291	182,010	326,757	1,503,253	8,635,540	8,071,123
Expenses - non-personnel related								
Office related	21,138	11,757	5,242	8,526	44,180	24,525	115,368	72,455
Occupancy	224,641	155,534	83,542	9,115	6,489	36,828	516,149	704,039
Travel and meetings	9,083	8,525	1,144	561	2,669	32,201	54,183	33,693
Supplies and activities	186,811	101,756	78,443	5,889	16,882	3,735	393,516	314,065
Food and milk	238,986	175,705	71,138	3,792	17	974	490,612	513,232
Staff development	10,059	3,496	1,555	3,509	116	10,520	29,255	24,383
Liability insurance and other expenses	107,489	68,666	25,100	2,332	10,581	23,557	237,725	205,506
Special event venue, catering and supplies	-	-	208	-	46,788	2,189	49,185	38,829
In-kind facilities and materials	30,995	12,398	-	12,398	18,597	49,592	123,980	123,979
College scholarships and family assistance	-	-	-	-	-	-	-	2,253
Depreciation	192,095	114,672	22,940	2,443	2,371	8,778	343,299	315,454
Total expenses - non-personnel related	1,021,297	652,509	289,312	48,565	148,690	192,899	2,353,272	2,347,888
Total expenses	5,043,807	2,703,228	839,603	230,575	475,447	1,696,152	10,988,812	10,419,011

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

CAROLE ROBERTSON CENTER FOR LEARNING

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 933,069	$ 654,826
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	343,299	315,454
Increase in allowance	25,890	51,203
Change in net assets:		
Increase in restricted cash	(205)	(282)
Increase in accounts receivable	(138,858)	(404,842)
Increase in pledge receivable	(35,103)	(116,339)
Decrease (increase) in prepaid expenses	54,735	(50,157)
(Decrease) increase in accounts payable	(106,449)	156,569
Increase in accrued expenses	49,012	39,098
Net Cash Provided by Operating Activities	1,125,390	645,530
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(40,268)	(32,840)
Net Cash Used in Investing Activities	(40,268)	(32,840)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on capital lease	(58,082)	(34,296)
Payments on long-term debt	(271,417)	(103,138)
Net Cash Used in Financing Activities	(329,499)	(137,434)
NET INCREASE IN CASH AND CASH EQUIVALENTS	755,623	475,256
Cash and cash equivalents:		
Beginning of year	2,111,644	1,636,388
End of year	$ 2,867,267	$ 2,111,644
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS		
Interest paid	$ 18,651	$ 27,716
Income taxes paid	$ -	$ -
SUPPLEMENTAL SCHEDULE OF NON-CASH ACTIVITIES:		
In-kind donations	$ 143,045	$ 177,579
Equipment acquired under capital lease	$ 203,880	$ 171,480

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization - The purpose of Carole Robertson Center For Learning (the "Center"), a not for profit corporation established under the laws of the State of Illinois, is to provide comprehensive child and family development programs to educate, enrich, and empower children and families. The Center serves Chicago families with the vision that every child and family create pathways to lead productive, fulfilling lives. The Center is supported primarily through government contracts, public and foundation contributions, and program service fees.

Basis of Accounting - The financial statements of the Center have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Accordingly, the financial statements reflect all significant receivables, payables and other liabilities.

Basis of Presentation - The Center follows generally accepted accounting principles for not-for-profits. These principles require the Center to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets without donor restrictions are for use at the discretion of the Board of Directors (the “Board”) and/or management for general operating purposes. The Board may designate a portion of these net assets for specific purposes which make them unavailable for use at management’s discretion. Net assets with donor restrictions consist of assets whose use is limited by donor-imposed time and/or purpose restrictions. The Center 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 are reclassified as net assets without donor restriction and reported in the statements of activities as net assets released from restrictions.

Statement of Cash Flows - The Center considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Accounts Receivable - Accounts receivable consist of grants and amounts due from parents for program service fees. Accounts receivable are stated at the amount management expects to collect for contracted services and fees. Accounts receivable are considered past due after thirty days. The Center evaluates collectability of receivables based on historical trends and market conditions. The Center has recorded an allowance for uncollectible receivables of $44,640 as of June 30, 2019.

Comparative Financial Statement Disclosure - The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Center's financial statements for the year ended June 30, 2018, from which the summarized information was derived.

Pledges Receivable - Contributions, including unconditional promises to give, are recognized as revenues in the period received or receivable. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Pledges expected to be collected in other than the next fiscal year are recorded after being discounted to the anticipated net present value of the future cash flows. All pledges receivable are expected to be received within two years as of June 30, 2019. No allowance has been recorded since it is believed that all pledges will be collected.

Pledges are expected to be realized in the following periods:

In one year or less	$ 152,671
Between one year and five years	50,000
	$ 202,671
Less:	
Discount at 5.25%	(2,432)
	$ 200,239

Property and Equipment - All acquisitions of property and equipment in excess of $1,000 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of the donation. Depreciation is computed using primarily the straight - line method based upon estimated service lives. Depreciation and amortization expense for the year ended June 30, 2019 was $343,299.

Donated Facilities and Materials - Donated marketable securities, equipment and other materials are recorded as contributions at their estimated fair values at the date of donation. The Center recognized $123,980 in unrestricted support for the use of the Center's facilities at 2020 W. Roosevelt Road, Chicago, Illinois, resulting from the current lease with the State of Illinois which requires rental payments well below market.

Donated Services - Contributions of services are required to be recognized if the services received (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchases if not provided by donation. Contributed services are generally related to volunteers for Childcare programs. Total amount of donated services for the year ended June 30, 2019 was $19,065.

Use of Accounting Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes - The Center is exempt from federal income taxes under the provision of Section 501 (c) (3) of the Internal Revenue Code. Management believes that it did not engage in any unrelated business activities; thus, no provision for income tax has been provided for in the financial statements. The Center's Form 990, Return of Organization Exempt from Income Tax, are subject to examination by the IRS, generally for three years after they were filed.

Fair Value - The Center measures fair value in accordance with generally accepted accounting principles, which establish a definition of fair value and a hierarchy prioritizing the inputs to valuation techniques, giving the highest priority to quoted prices in active markets for identical assets and liabilities and lowest priority to unobservable value inputs. The Center's significant financial instruments are cash, accounts receivable, pledges receivable, and debt. For these financial instruments, carrying values approximate fair value.

Allocation of Functional Expenses – In the statements of functional expenses, the costs which are directly associated with a particular program or supportive service are allocated directly to that functional category. Additionally, certain costs have been allocated among the programs and supporting services benefited based on staff time devoted to the functional areas, student headcount per program, or square footage. Allocated expenses include occupancy expenses, depreciation, office supplies and insurance.

Change in Accounting Policy – In August 2016, the FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements for Not-for-Profit Entities. The major changes include: (a) requiring the presentation of only two classes of net assets now titled “net assets without donor restrictions” and “net assets with donor restrictions,” (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes, and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct internal investment expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. The new standard was adopted for the Center’s June 30, 2019 financial statements.

Implementation of ASU 2016-14 did not require restatement of any opening balances related to the periods presented. The Center’s net assets previously reported as temporarily and permanently restricted are now reported as net assets with donor restrictions. Likewise, the Center’s net assets previously reported as unrestricted are now reported as net assets without donor restrictions.

2. ACCOUNTS RECEIVABLE

The Center has entered into contracts with the Illinois Department of Health and Human Services (IDHS), the City of Chicago and other state and local government agencies. Substantially all of the contracts provide for reimbursement of child development services. The balances due from the City of Chicago and IDHS – Childcare comprise 80% and 15% of accounts receivable at June 30, 2019, respectively.

Vouchers submitted for covered expenses, services and advances and other government grants receivable are as follows at June 30, 2019:

City of Chicago - DFSS	$ 2,274,861
Illinois Action for Children	37,520
State of Illinois - DCFS	3,389
ISBE Food Program	71,674
IDHS - Childcare	440,795
IDHS - Teen Reach	23,881
Sub-total due from governmental agencies	2,852,120
Parent fees receivable	103,920
Sub-total	2,956,040
Less: allowance for doubtful accounts	(44,640)
Total Accounts Receivable, Net	$ 2,911,400

3. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2019:

	Without Donor Restrictions	With Donor Restrictions	Total
Facilities	$ 3,215,752	$ 3,718,375	$ 6,934,127
Computer system	603,607	-	603,607
Furniture and equipment	1,012,893	193,900	1,206,793
Vehicles	48,562	-	48,562
Leasehold improvements	28,203	-	28,203
Total property and equipment	4,909,017	3,912,275	8,821,292
Less: accumulated depreciation	(3,199,719)	(2,411,797)	(5,611,516)
	$ 1,709,298	$ 1,500,478	$ 3,209,776

A portion of the property and equipment are considered with donor restriction as of June 30, 2019. See discussion at Note 8.

The Center reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Such assets would be written down to the fair market value of the asset. No such impairment is believed to have occurred as of June 30, 2019.

4. LINE OF CREDIT

The Center’s $1,000,000 line of credit with a bank matured on December 10, 2019. Interest rate at the bank's reference or "index" rate plus 0.25 percent. The index was at 5.25% per annum.

The credit agreement was secured by all real and personal property, both intangible and tangible, of the Center. There was no outstanding balance at June 30, 2019.

5. LONG TERM DEBT

As of June 30, 2019, long term debt consists of a mortgage with Illinois Facilities Fund secured by both buildings due January 1, 2025. Through January 1, 2015, the required monthly payment of $5,555 includes an interest rate at 4.875%. The loan rate was recalculated January 1, 2015 to 5% with a payment of $4,544. Recalculated loan rate will remain effective to maturity date. The balance as of June 30, 2019 was $260,954, with $42,404 included as the current portion and $220,614 in long term debt.

Interest expense was $16,114 for the year ended June 30, 2019.

As of June 30, 2019, the aggregate maturities of long-term debt for the successive five years and thereafter are as follows:

2020	$	42,404
2021		44,574
2022		46,854
2023		49,251
2024		51,771
Thereafter		26,100
	$	260,954

6. EXPANSION OF FACILITY AT 2929 W. 19th STREET

During the fiscal year ended June 30, 2001, construction on the expansion of the site at 2929 W. 19th Street, Chicago, Illinois was finished. The expansion doubled the size of the facility.

Equity - Public Funding	
City of Chicago, Department of Planning and Development Empowerment Zone Grant	$ 1,500,000
City of Chicago, Department of Human Services, Community Services Block Grant	180,000
Equity - Private Funding	
Carole Robertson Center for Learning Equity Investment Paid by Individuals, Corporations and Foundations	250,571
Mortgage and Debt Funding	
City of Chicago, Community Development Block Grant Interim Float Loan	580,691
Illinois Facilities Fund Promissory Note	550,000
City of Chicago, Department of Human Services, Community Services Block Grant Loan (C.S.B.G.)	326,219
Total Project Costs	$ 3,387,481

The following provides an overview of the sources of funds used for the 2929 W. 19th Street expansion project:

Empowerment Zone Grant - The facility at 2929 W. 19th Street is in a United States Department of Housing and Urban Development ("HUD") approved empowerment zone. The City of Chicago, with funds provided from the U.S. Department of Health and Human Services, has provided the Center with a $1,500,000 grant to pay construction project costs. The grant contained various limitations as to use of funds, costs allowed, reporting requirements, employment obligations, minority and women-owned business participation and insurance requirements. The constructed structure is to provide day care services.

Community Services Block Grant - The grant paid for a portion of the project cost so long as the Center maintained certain minority and women-owned business participation, required the contractor's labor force for the project to be made up of no less than fifty percent Chicago residents, as well as other reporting requirements.

Equity Investments - The terms of various aforementioned grants or loans required an equity investment by the Center.

Community Development Block Grant Float Loan - Initially, loan provided short-term low-cost financing for the project. At completion of the project, the loan was converted into a term loan with Northern Trust and was paid in full during the year ended June 30, 2007.

Illinois Facilities Fund Promissory Note - During the period of construction and until operations commenced at the 2929 W. 19th Street facility, this note required interest-only payments based on a rate of five percent. As of August 1, 2001, the note was converted to a mortgage requiring monthly payments of principal and interest in the amount of $4,675. The required monthly payments of $4,670 included an interest rate at 4.875%. The mortgage is to be paid in full 162 months after operations commence. The final payment occurred January 1, 2015.

Community Services Block Grant Loan - This note was paid in full as of July 2009.

7. ADDITION OF FACILITY AT 3701 W. OGDEN

During the time the Center received funding to expand the site at 2929 W. 19th Street, the Lawndale Christian Development Corporation ("LCDC") received comparable funding to build a day care at 3701 W. Ogden, Chicago, Illinois. In August 2002, LCDC agreed to turn the facility over to the Center. With the approval of the various Federal, State and City agencies that provided the funding for the construction project, an agreement between all parties was signed, whereby LCDC assigned, and the Center assumed, the rights and obligation of LCDC relating to the facility.

The following details the sources of funding for the building and the value now included in the property and equipment section of the statement of financial position of the Center:

Equity - Public Funding	
City of Chicago, Department of Planning and Development Empowerment Zone Grant	$ 1,500,000
City of Chicago, Department of Human Services, Community Services Block Grant	314,749
Equity - Private Funding	
Restricted Construction Grants	255,000
Mortgage and Debt Funding	
City of Chicago, Community Development Block Grant Interim Float Loan	622,161
Illinois Facilities Fund Promissory Note	550,000
City of Chicago, Department of Human Services, Community Services Block Grant Loan (C.S.B.G.)	295,636
Project Value Capitalized by the Center	$ 3,537,546

Additional information relating to the sources of funds used for the construction project at 3701 W. Ogden is as follows:

Empower Zone Grant - The facility at 3701 W. Ogden is in a United States Department of Housing and Urban Development ("HUD") approved empowerment zone. The City of Chicago, with funds provided by the U.S. Department of Health and Human Services, provided LCDC with a $1,500,000 grant to pay construction project costs. The grant contained various limitations as to use of funds, costs allowed, reporting requirements, employment obligations, minority and women-owned business participation and insurance requirements. The constructed structure is to provide day care services.

Community Services Block Grant - The grant paid for a portion of the project cost so long as LCDC maintained certain minority and women-owned business participation, requires the contractor's labor force for the project to be made up of no less than fifty percent Chicago residents, as well as other reporting requirements. The constructed structure is to provide day care services.

Equity Investments - The terms of various aforementioned grants or loans require an equity investment by LCDC, of which $80,000 was provided by the Center. Both of the equity investments made by LCDC and the Center were made with private grants restricted to construction.

Community Development Block Grant Float Loan - This loan, originally in the amount of $652,847, was to provide short-term low-cost financing for the project. At completion of the project, the loan was converted into a term loan with Northern Trust. At that time, the loan balance was $385,127. The loan required 63 consecutive monthly installments of principal and interest in the amount of $2,710. The loan bore interest at 5.693%. The final payment was made in November 2011.

Illinois Facilities Fund Promissory Note - During the period of construction and until operations commenced, this note required interest-only payments based on a rate of five percent. As of October 2002, the note was converted to a mortgage requiring monthly payments of principal and interest in the amount of $5,249. The mortgage is to be paid in full 138 months after operations commence. Effective February 2013, the loan was refinanced to a rate of 4.875% with monthly payments of principal and interest of $5,245. The final payment was made in December 2013.

Community Services Block Grant Loan - The original amount of this non-interest-bearing loan was $326,219. The loan was paid in full in November 2009.

8. NET ASSETS

Board designated net assets totaled $254,000 as of June 30, 2019 and is to be used for costs associated with the office move and other fiscal year 2020 expenses.

As of June 30, 2019, donor restricted net assets included of $125,000 in cash, which was received from a foundation, plus $1,415 in interest earnings. During each fiscal year, the funds may be withdrawn and used solely to support activities that help to ensure the quality of programs or the stability of the Center and is expected to be restricted for this purpose in perpetuity. Any sums drawn from the account are to be repaid as of the close of the fiscal year following the year in which they were drawn. The grant agreement requires the funds and earnings on the funds to be maintained in U.S. Treasury Bills, or FDIC insured certificates of deposit, a checking or savings account, or money market mutual funds. Funds are maintained in an FDIC insured savings account. During the year ended June 30, 2019, the Center did not withdraw any funds.

Donor restricted net assets as of June 30, 2019 include also include the property and expansion of its two sites, as discussed in Note 6 and 7. At the time of expansion, grants funding a portion of the cost required the sites to be used for day care operation for 30 years. As such, the Center reclassifies a portion of the donor restricted net assets to net assets without donor restriction each year as the time restriction expires.

Additionally, donor restricted net assets include program grants which are restricted by the donor either for a specific time period and/or a specific purpose.

Donor restricted net assets consist of the following as of June 30, 2019:

Facility Expansion		
3701 W. Ogden Expansion		$ 892,638
2929 W. 19th Street Expansion		607,840
	Sub-total	1,500,478
Program Grants:		
Scholarships and family assistance		9,546
Other program grants		378,625
	Sub-total	388,171
		$ 1,888,649

Net assets were released from restrictions for the following during the year ended June 30, 2019:

Property and equipment	$ 123,946
Program services	262,500
	$ 386,446

9. RETIREMENT PLAN

The Center has a 401(k) Deferred Compensation Plan which covers eligible employees. To be eligible an employee must have six months of service and be at least 18 years of age. The Center may make a discretionary contribution to the plan on behalf of the covered employees. The Center made no such contribution during the year ended June 30, 2019.

10. CREDIT AND MARKET RISK

The Center maintains its cash balances in several financial institutions located in Chicago, Illinois as certain grants may require the Center to hold funds in separate cash accounts. Cash balances are fully insured by the Federal Deposit Insurance Corporation and the FDIC Transaction Account Guarantee Program up to the FDIC insurance coverage limits of $250,000. The Center's balances may exceed these limits.

Government contracts comprise 90% of total revenues and support for the year ended June 30, 2019.

11. CONTINGENCY

The Center has received significant revenues from federal, state and city agencies. The disbursement of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and may be subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability.

12. SUBSEQUENT EVENTS

The Center has evaluated subsequent events through the date of this report, the date which the financial statements were available to be issued.

13. OBLIGATIONS UNDER CAPITAL LEASES

In 2018, the Center entered into a capital lease agreement for office equipment with a value of $171,480. In 2019, the Center entered into a capital lease agreement for additional office equipment with a value of $203,880. The lease terms are for 60 months. As of June 30, 2019, cost and accumulated depreciation of office equipment under capital leases are as follows:

Capital leases	$	375,360
Accumulated amortization		(98,094)
Total	$	277,266

The following is a schedule of future minimum lease payments under capital leases. The present value of the net minimum lease payments is estimated to equal future payments.

Year ending June 30,	Amount
2020	$75,072
2021	75,072
2022	69,356
2023	40,776
2024	16,990
Total	277,266

14. LIQUIDITY AND AVAILABLE RESOURCES

The Center regularly monitors liquidity required to meet its operating needs and other contractual commitments.

For purposes of analyzing resources available to meet general expenditures over the next twelve-month period, the Center considers all expenditures related to its ongoing activities as well as the conduct of services undertaken to support those activities to be general expenditures. General expenditures include payroll and related benefits, occupancy, program supplies, food and milk, and professional services. The Center's financial assets available for general expenditure within one year of the statement of financial position date of June 30, 2019, are as follows:

Cash and cash equivalents	$ 2,993,682
Accounts receivable, net	2,911,400
Pledges receivable, net	200,239
Total financial assets available within one year	6,105,321
Less: Amounts unavailble for general expenditure within on year, due to:	
Restricted cash	126,415
Restricted by board for expected fiscal year 2020 expenses	254,000
Total amounts unavailable for general expenditure within one year	380,415
Total financial assets available to management for general expenditure within one year	$ 5,724,906

15. FUTURE ACCOUNTING PRONOUNCEMENTS

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606), requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective. Early adoption is permitted. The updated standard will be effective for the Center's June 30, 2020 financial statements.

In June 2018, the FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The new guidance provides a more robust framework for determining whether a transaction should be accounted for as a contribution or as an exchange transaction. It also provides additional guidance on how to determine if a contribution is conditional. The new standard will be effective for transactions that occur during the Center's fiscal year ended June 30, 2020. Early adoption is permitted.

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842), which will supersede the current lease recording requirements in Topic 842. The ASU looks to increase transparency and comparability by conforming US GAAP with International Accounting Standards as it relates to leases. The new standard will require that all leases, including operating leases, be included on the balance sheet as a "right of use" asset with an offsetting liability for the payments remaining on the lease. The new guidance will be effective for the Center's year ending June 30, 2022, with early application permitted.

The Center is currently evaluating the impact of the adoption of the above standards on its financial statements.

CAROLE ROBERTSON CENTER FOR LEARNING

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2019

Federal Grantor/ Pass-Through Grantor/Program Title		Federal CDFA Number	Pass Through Numbers	Federal Expenditures
U.S. Department of Health and Human Services				
TANF Cluster				
Pass-through programs from:				
Illinois Department of Human Services				
Temporary Assistance to Needy Families		93.558	8200149YS	$ 60,186
CCDF Cluster				
Pass-through programs from:				
Illinois Department of Human Services				
Child Care and Dev. Block Grant	*	93.596	8040849OW	3,115,710
Illinois Action for Children				
Child Care and Dev. Block Grant	*	93.596	N/A	173,622
City of Chicago Department of Family and Support Services				
Child Care and Dev. Block Grant	*	93.596	81656	144,793
Total CCDF Cluster				3,434,125
Head Start				
Pass-through programs from:				
City of Chicago Department of Family and Support Services				
Head Start		93.600	31997	625,348
Early Head Start		93.600	33363	1,226,118
Early Head Start - Child Care Partnership Program		93.600	33332	1,878,673
Total Head Start				3,730,139
Subtotal U.S. Department of Health and Human Services				7,224,450
U.S. Department of Agriculture				
Pass-through programs from:				
Illinois State Board of Education				
Department of Child Nutrition				
Child and Adult Food Program		10.558	15016323P00	406,756
TOTAL EXPENDITURES OF FEDERAL AWARDS				$ 7,631,206

*Audited as a major program

See Notes to Schedule of Federal Awards

Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Carole Robertson Center for Learning under programs of the federal government for the year ended June 30, 2019. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this Schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

Because the Schedule presents only a selected portion of the operations of Carole Robertson Center for Learning, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows, if applicable, of Carole Robertson Center for Learning Pass-through entity identifying numbers are presented where available.

The Organization elected not to use the option of the 10% de minimis indirect cost rate.

Basis of Accounting

The accompanying schedule of expenditures of Federal awards is presented on the accrual basis of accounting. Such expenditures are recognized following, as applicable, the cost principles in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Payments to Subrecipients

Carole Robertson Center for Learning provided no Federal awards to sub-recipients during the year ended June 30, 2019.

Non - Cash Assistance

Carole Robertson Center for Learning neither received nor disbursed Federal awards in the form of non-monetary assistance during the year ended June 30, 2019.

Insurance, Loans, and Loan Guarantees

During the year ended June 30, 2019, Carole Robertson Center for Learning received no insurance, loans, loan guarantees or other Federal assistance for the purpose of administering Federal programs.

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
Carole Robertson Center for Learning
Chicago, Illinois

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 **CAROLE ROBERTSON CENTER FOR LAERNING** (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 2, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered ABC Organization'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 **CAROLE ROBERTSON CENTER FOR LEARNING** internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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 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.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether **CAROLE ROBERTSON CENTER FOR LEARNING**'s financial statements are free from 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*.

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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sassetti LLC

March 2, 2020

Oak Park, Illinois

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
Carole Robertson Center for Learning
Chicago, Illinois

Report on Compliance for Each Major Federal Program

We have audited **CAROLE ROBERTSON CENTER FOR LEARNING**'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of **CAROLE ROBERTSON CENTER FOR LEARNING**'s major federal programs for the year ended June 30, 2019. **CAROLE ROBERTSON CENTER FOR LEARNING**'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of **CAROLE ROBERTSON CENTER FOR LEARNING**'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about **CAROLE ROBERTSON CENTER FOR LEARNING**'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of **CAROLE ROBERTSON CENTER FOR LEARNING**'s compliance.

Opinion on Each Major Federal Program

In our opinion, **CAROLE ROBERTSON CENTER FOR LEARNING** complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019

Sassetti
CERTIFIED PUBLIC ACCOUNTANTS

Report on Internal Control Over Compliance
Management of **CAROLE ROBERTSON CENTER FOR LEARNING** is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered **CAROLE ROBERTSON CENTER FOR LEARNING**'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of **CAROLE ROBERTSON CENTER FOR LEARNING**' internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Sassetti LLC

March 2, 2020
Oak Park, Illinois

CAROLE ROBERTSON CENTER FOR LEARNING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2019

PART I - SUMMARY OF AUDITOR'S RESULTS

Financial Statement Section

Type of auditors' report issued:	Unmodified			
Internal control over financial reporting:				
Material weakness (es) identified?		Yes	X	No
Significant deficiency (ies) identified not considered to be material weaknesses?		Yes	X	No
Noncompliance material to financial statements noted?		Yes	X	No

Federal Awards Section

Dollar threshold used to determine Type A programs:	$750,000			
Auditee qualified as low-risk auditee?	X	Yes		No
Type of auditor's report on compliance for major programs:	Unmodified			
Internal control over major programs:				
Material weakness (es) identified?		Yes	X	No
Significant deficiency (ies) identified not considered to be material weaknesses?		Yes	X	No
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?		Yes	X	No

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
93.596	CCDF

CAROLE ROBERTSON CENTER FOR LEARNING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2019

PART II - FINANCIAL STATEMENT AUDIT FINDINGS

NONE

PART III - FEDERAL PROGRAM AUDIT FINDINGS

NONE

PART IV - SUMMARY OF PRIOR AUDIT FINDINGS

NONE