Carole Robertson Center for Learning

Single Audit

June 30, 2020

Sassetti

CERTIFIED PUBLIC ACCOUNTANTS

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Board of Directors
Carole Robertson Center for Learning
Chicago, Illinois

INDEPENDENT AUDITORS' 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, 2020, 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.

Auditors' 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 auditors' 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, 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 Summarized Comparative Information

We have previously audited the **CAROLE ROBERTSON CENTER FOR LEARNING**'s 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 2, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, 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 12, 2021, 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 12, 2021

CAROLE ROBERTSON CENTER FOR LEARNING

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2020, WITH COMPARATIVE TOTALS FOR JUNE 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total All Funds 2020	Total All Funds 2019
ASSETS				
Current assets				
Cash and cash equivalents	$ 5,612,938	$ 302,839	$ 5,915,777	$ 2,867,267
Accounts receivable, net	2,988,628	40,000	3,028,628	2,911,400
Pledges receivable, net	75,731	-	75,731	200,239
Prepaid expenses	35,898	-	35,898	7,407
Total current assets	8,713,195	342,839	9,056,034	5,986,313
Property and equipment				
Facility	3,215,752	3,718,375	6,934,127	6,934,127
Other property and equipment	1,772,168	193,900	1,966,068	1,887,165
Less: Accumulated depreciation	(3,407,439)	(2,535,743)	(5,943,182)	(5,611,516)
Net property and equipment	1,580,481	1,376,532	2,957,013	3,209,776
Restricted cash	-	126,512	126,512	126,415
Total Assets	$ 10,293,676	$ 1,845,883	$ 12,139,559	$ 9,322,504
LIABILITIES AND NET ASSETS				
Current liabilities				
Accounts payable	$ 88,572	$ -	$ 88,572	$ 256,768
Accrued expenses	848,274	-	848,274	449,560
Current portion of capital leases	60,576	-	60,576	75,072
Current portion of long-term debt	-	-	-	40,340
Total current liabilities	997,422	-	997,422	821,740
Noncurrent portion of capital leases	115,042	-	115,042	202,194
Long-term debt	-	-	-	220,614
Paycheck Protection Program loan	1,425,000	-	1,425,000	-
Total noncurrent liabilities	1,540,042	-	1,540,042	422,808
Total liabilities	2,537,464	-	2,537,464	1,244,548
Net Assets				
Undesignated	7,756,212	-	7,756,212	5,935,307
Board designated	-	-	-	254,000
Total without donor restrictions	7,756,212	-	7,756,212	6,189,307
With donor restrictions	-	1,845,883	1,845,883	1,888,649
Total net assets	7,756,212	1,845,883	9,602,095	8,077,956
Total Liabilities and Net Assets	$ 10,293,676	$ 1,845,883	$ 12,139,559	$ 9,322,504

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

CAROLE ROBERTSON CENTER FOR LEARNING

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2020, WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Totals 2020	Totals 2019
SUPPORT				
Contributions	$ 178,071	$ 195,250	$ 373,321	$ 519,865
In-kind contributions	70,658	-	70,658	143,045
United Way	157,000	100,000	257,000	-
Special events	1,423	-	1,423	64,073
Net assets released from restrictions	338,112	(338,112)	-	-
Total Support	745,264	(42,862)	702,402	726,983
REVENUES				
Governmental contracts	11,994,194	-	11,994,194	10,676,779
Program related fees	207,232	-	207,232	249,625
Fees from other non-profits	296,685	-	296,685	259,857
Interest	5,557	96	5,653	8,588
Other earned income	52,093	-	52,093	49
Total Revenues	12,555,761	96	12,555,857	11,194,898
Total Revenues and Support	13,301,025	(42,766)	13,258,259	11,921,881
PROGRAM EXPENSES				
Infant/toddler	5,101,665	-	5,101,665	5,043,807
Early childhood	2,669,302	-	2,669,302	2,703,228
School age and youth	1,032,886	-	1,032,886	839,603
Community programming	204,916	-	204,916	230,575
Total Program Expenses	9,008,769	-	9,008,769	8,817,213
SUPPORTING SERVICES				
Fundraising	324,804	-	324,804	475,447
General and administrative	2,400,547	-	2,400,547	1,696,152
Total Supporting Services Expenses	2,725,351	-	2,725,351	2,171,599
Total Expenses	11,734,120	-	11,734,120	10,988,812
CHANGE IN NET ASSETS	1,566,905	(42,766)	1,524,139	933,069
NET ASSETS BEGINNING OF YEAR	6,189,307	1,888,649	8,077,956	7,144,887
NET ASSETS END OF YEAR	$ 7,756,212	$ 1,845,883	$ 9,602,095	$ 8,077,956

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

CAROLE ROBERTSON CENTER FOR LEARNING

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2020, WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2019

	Program Expenses				Supporting Services		Totals	
	Infant/Toddler	Early Childhood	School Age and Youth	Community Programming	Fundraising	General and Administrative	2020	2019
Expenses - personnel related								
Salaries and wages	$ 3,375,192	$ 1,528,520	$ 563,786	$ 106,817	$ 151,552	$ 1,289,616	$ 7,015,483	$ 6,224,398
Taxes	235,680	108,082	40,152	7,367	11,979	87,963	491,223	456,796
Fringe benefits	347,717	143,201	62,314	13,086	16,993	166,814	750,125	736,893
Contractual service expenses	286,974	250,671	36,137	4,391	88,835	323,531	990,539	1,198,388
In-kind services	8,007	21,324					29,331	19,065
Total expenses - personnel related	4,253,570	2,051,798	702,389	131,661	269,359	1,867,924	9,276,701	8,635,540
Expenses - non-personnel related								
Office related	64,947	2,845	3,412	13,794	22,324	93,950	201,272	115,368
Occupancy	146,348	129,157	140,318	11,603	12,974	198,792	639,192	454,522
Travel and meetings	14,801	17,029	520	235	269	20,618	53,472	54,183
Program supplies	166,452	94,572	37,348	8,720	2,682	19,551	329,325	393,516
Food and milk	127,890	131,413	99,365	1,618	240	4,178	364,704	490,612
Staff development	12,804	23,103	294	17	743	32,881	69,842	29,255
Other expenses	75,879	53,169	11,501	2,164	3,990	67,435	214,138	237,725
Fundraising event expense					4,167		4,167	49,185
In-kind facilities and materials	21,077	10,332	4,546	827	1,240	3,306	41,328	123,980
Pass thru grants	835	260				10,287	11,382	-
Depreciation and amortization	186,322	109,962	22,635	2,313	2,175	8,257	331,664	343,299
Equiment and technology	30,740	45,662	10,558	31,964	4,641	73,368	196,933	61,627
Total expenses - non-personnel related	848,095	617,504	330,497	73,255	55,445	532,623	2,457,419	2,353,272
Total expenses	$ 5,101,665	$ 2,669,302	$ 1,032,886	$ 204,916	$ 324,804	$ 2,400,547	$ 11,734,120	$ 10,988,812

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

CAROLE ROBERTSON CENTER FOR LEARNING

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 1,524,139	$ 933,069
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	331,664	343,299
Increase in allowance for doubtful accounts	119,878	25,890
(Increase) decrease in operating assets:		
Accounts receivable	(237,106)	(138,858)
Pledges receivable	124,508	(35,103)
Prepaid expenses	(28,491)	54,735
Increase (decrease) in operating liabilities:		
Accounts payable	(168,196)	(106,449)
Accrued expenses	398,714	49,012
Net Cash Provided by Operating Activities	2,065,110	1,125,595
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(107,489)	(40,268)
Net Cash Used in Investing Activities	(107,489)	(40,268)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on capital lease	(73,060)	(58,082)
Proceeds from Paycheck Protection Program loan	1,425,000	-
Payments on long-term debt	(260,954)	(271,417)
Net Cash Provided by (Used in) Financing Activities	1,090,986	(329,499)
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,048,607	755,828
Cash and cash equivalents:		
Beginning of year	2,993,682	2,237,854
End of year	$ 6,042,289	$ 2,993,682
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS		
Interest paid	$ 388	$ 18,651
Income taxes paid	$ -	$ -
SUPPLEMENTAL SCHEDULE OF NON-CASH ACTIVITIES:		
In-kind donations	$ 41,328	$ 143,045
Equipment acquired under capital lease	$ -	$ 203,880

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.

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

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statement of financial position that sums to the total of the same such amounts shown in the statement of cash flows as of June 30.

	2020	2019
Cash and cash equivalents	$5,915,777	$2,867,267
Restricted cash	126,512	126,415
Total cash, cash equivalents and restricted cash shown in the statement of cash flows	$6,042,289	$2,993,682

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, 2019, from which the summarized information was derived.

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 $164,518 as of June 30, 2020.

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 one year as of June 30, 2020. No allowance has been recorded since it is believed that all pledges will be collected.

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, 2020 was $331,664.

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 $41,327 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. There were no donated services for the year ended June 30, 2020.

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.

Contributions - Contributions are recognized when the donor makes a promise to that is, in substance, unconditional. Contributions that are not restricted by the donor are reported as increases in net assets without donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires (that, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities and Changes in Net Assets as net assets released from restrictions. Conditional contributions are not recognized as revenue until they become unconditional. A conditional contribution is one that has both a barrier that must be overcome and an agreement requiring advance payment to be returned or future payment not to be obligated if the barrier is not overcome.

Government Grants – Government grants are recognized when earned. Revenue is earned when eligible expenditures, as defined in each grant, contract or other allowable cost manual are made. Any cash received for revenue not yet earned is considered to be deferred revenue. Revenue earned but not yet paid to the Center is included in grants and contracts receivable. Expenditures under government contracts are subject to review by the granting authority. To the extent, if any, that such review reduces expenditures allowable under these grants or contracts, the Center records the disallowance at the time the final assessment is made.

Recently Adopted Accounting Pronouncements - During fiscal year-end June 30, 2020, The Center adopted Financial Accounting Standards Board's Accounting Standard Update ("ASU") 2018-08, Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. This ASU assists organizations in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions. In addition, it clarifies whether a contribution is conditional. As a result, it enhances comparability of financial information among not-for-profit entities. The Center adopted ASU 2018-08 using a modified prospective method effective July 1, 2019. Under the modified prospective method, this ASU only applies to agreements not completed or entered into (revenue or expense that has not yet been recognized) as of July 1, 2019. As a result, the 2019 financial statements are not restated and there was no cumulative-effect adjustment to opening net assets as of July 1, 2019. There were no changes to the recognition of contribution revenue during 2020.

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 67% and 21% of accounts receivable at June 30, 2020, respectively.

Vouchers submitted for covered expenses, services and advances and other government grants receivable are as follows at June 30, 2020:

City of Chicago - DFSS	$ 2,031,437
Illinois Action for Children	130,901
State of Illinois - DCFS	7,343
ISBE Food Program	133,704
IDHS - Childcare	622,720
IDHS - Teen Reach	23,924
Sub-total due from governmental agencies	2,950,029
Parent fees receivable	243,117
Sub-total	3,193,146
Less: allowance for doubtful accounts	(164,518)
Total Accounts Receivable, Net	$ 3,028,628

3. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
Facilities	$ 3,215,752	$ 3,718,375	$ 6,934,127
Computer system	680,693	-	680,693
Furniture and equipment	984,310	193,900	1,178,210
Vehicles	48,562	-	48,562
Leasehold improvements	58,603	-	58,603
Total property and equipment	4,987,920	3,912,275	8,900,195
Less: accumulated depreciation	(3,407,439)	(2,535,743)	(5,943,182)
	$ 1,580,481	$ 1,376,532	$ 2,957,013

A portion of the property and equipment are donor restriction as of June 30, 2020. 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, 2020.

4. LINE OF CREDIT

The Center's $1,500,000 line of credit with a bank matures on January 13, 2021 and was subsequently renewed. Interest rate at the bank's reference or "LIBOR" rate plus 2 percent. The index was at 0.60% 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, 2020.

5. 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.

6. 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.

7. WALLACE FOUNDATION

The Center received funds from the Wallace Foundation during October 2011 that are to be held in perpetuity. 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. 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 a money market fund. During the year ended June 30, 2020, the Center did not withdraw any funds. As of June 30, 2020, the balance in this account consists of $125,000 in cash plus $1,512 in interest earnings.

8. NET ASSETS

Donor restricted net assets as of June 30, 2020 include also include the property and expansion of its two sites, as discussed in Note 6. 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, 2020:

Facility Expansion		
3701 W. Ogden Expansion		$ 823,646
2929 W. 19th Street Expansion		552,886
	Sub-total	1,376,532
Program Grants:		
Scholarships and family assistance		9,191
Other program grants		460,160
	Sub-total	469,351
		$ 1,845,883

Net assets were released from restrictions for the following during the year ended June 30, 2020:

Property and equipment	$ 123,946
Program services	214,166
	$ 338,112

9. CONDITIONAL GRANTS

Conditional grants are grants that include a specific condition in order to earn the revenue. Conditional grants are not recorded in revenue until the condition of the grant is met (generally, when the service is provided). The Center has conditional grants from the following agencies to provide childcare services in the total amount of $8,378,454 that are available to be used during fiscal year 2021 on qualifying expenses.

Department of Human Services	$ 3,500,000
City of Chicago Department of Child and Family Services	8,108,454
Total	$ 11,608,454

10. 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, 2020.

11. CONCENTRATIONS 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.

It is always considered reasonably possible that benefactors, grantors, or contributors might be lost in the near term. Government contracts comprise 90% of total revenues and support for the year ended June 30, 2020.

12. 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.

13. PAYCHECK PROTECTION PROGRAM LOAN

On April 14, 2020, the Center entered into a loan agreement with a commercial bank for $1,425,000, pursuant to the Paycheck Protection Program (the “PPP”) of the CARES Act, which was enacted March 27, 2020. The application for these funds required the Center, in good faith, to certify that the current economic uncertainty made the loan request necessary to support the ongoing operations of the Center.

Under the terms of the PPP loan, the Center may be eligible for full or partial loan forgiveness. The unforgiven portion of the PPP loan is payable over two years at an annual interest rate of 1%, with a deferral of payments for the first ten months. The Center intends to use the proceeds for purposes consistent with the PPP. While the Center currently believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan, there can be no assurance that the Center will be eligible for forgiveness of the loan, in whole or in part.

Should the loan not be forgiven either in whole or in part, payments, including accrued interest, are due starting ten months after the covered period and matures on April 14, 2022.

14. OPERATING LEASE

The Organization leased space for its operations beginning January 1, 2016 until it expired December 31, 2019. Monthly rent was $3,087.50 per month. Beginning on January 1, 2020, the Organization entered into a new leased space for its operations that will expire on December 31, 2029. The monthly rent is $6,666 for the year ended June 30, 2020.

For the year ending June 30, 2020, rent expense is $74,517. The following is a schedule by year of future minimum rent payments required under the operating lease as of June 30, 2020:

Year ending June 30,	Amount
2021	$ 81,192
2022	83,628
2023	86,136
2024	88,721
2025	91,382
Thereafter	445,964
Total	$ 877,023

15. OBLIGATIONS UNDER CAPITAL LEASES

In 2018, the Center entered into a capital lease agreement for office equipment with a value of $130,408. 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, 2020, cost and accumulated depreciation of office equipment under capital leases are as follows:

Cost	$ 334,288
Accumulated amortization	(142,807)
Total	$ 191,481

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
2021	$ 60,576
2022	57,276
2023	40,776
2024	16,990
Total	$ 175,618

16. 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, 2020, are as follows:

Cash and cash equivalents	$ 6,042,289
Accounts receivable, net	3,028,628
Pledges receivable, net	75,731
Total financial assets available within one year	9,146,648
Less: Amounts unavailable for general expenditure within on year, due to:	
Restricted cash	126,512
Total financial assets available to management for general expenditure within one year	$ 9,020,136

17. UNCERTAINTIES AND COVID-19

On March 10, 2020, the World Health Organization declared the COVID-19 outbreak a pandemic, and on March 13, 2020, the President of the United States declared the COVID-19 pandemic a national emergency, invoking powers under the Stafford Act, the Legislation that directs federal emergency disaster response. The Center was forced to close childcare operations for several months and has had ongoing operational changes in response to governmental restrictions and requirements. In addition, the annual special event was postponed until fiscal year 2021. The Center cannot predict how legal and regulatory responses to concerns about COVID-19 or other major public health issues will continue to impact the Organization. The total magnitude, timing, and duration of such potential financial impacts cannot be reasonably estimated at this time.

18. 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, 2021 financial statements.

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, 2023, with early application permitted.

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

19. SUBSEQUENT EVENTS

Management of the Center have evaluated subsequent events through March 12, 2021, which is the date the financial statements were available to be issued. Subsequent to year end, the Center renewed its line of credit at the same terms.

The Center is in discussion with an unrelated organization for a possible merger or acquisition. As of the date of the financial statements, no final agreement has been signed.

CAROLE ROBERTSON CENTER FOR LEARNING

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2020

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	$ 106,906
CCDF Cluster				
Pass-through programs from:				
Illinois Action for Children				
Child Care Mandatory and Matching Funds of the Child Care and Development Fund		93.596	N/A	178,831
Head Start				
Pass-through programs from:				
City of Chicago Department of Family and Support Services				
Early Head Start - Child Care Partnership Program	*	93.600	109825, 113797	469,293
Head Start	*	93.600	33363, 113797	2,012,701
Early Head Start	*	93.600	33332, 113797	2,020,985
Total Head Start				4,502,979
Subtotal U.S. Department of Health and Human Services				4,788,716
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	301,572
TOTAL EXPENDITURES OF FEDERAL AWARDS				$ 5,090,288

*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, 2020. 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* (Uniform Guidance). 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 has elected to use the option of the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

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* (Uniform Guidance), 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, 2020.

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, 2020.

Insurance, Loans, and Loan Guarantees

During the year ended June 30, 2020, Carole Robertson Center for Learning received no insurance, loans, loan guarantees or other Federal assistance for the purpose of administering Federal programs.

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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' 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 LEARNING** (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, 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 12, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered **CAROLE ROBERTSON CENTER FOR LEARNING**'s internal control over financial reporting (internal control) as a basis for designing 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's** 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 financial statement. 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 12, 2021

Oak Park, Illinois

Sassetti
CERTIFIED PUBLIC ACCOUNTANTS

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, 2020. **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, 2020.

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 12, 2021
Oak Park, Illinois

CAROLE ROBERTSON CENTER FOR LEARNING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2020

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?		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?		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
93.600	Head Start

CAROLE ROBERTSON CENTER FOR LEARNING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2020

PART II - FINANCIAL STATEMENT AUDIT FINDINGS

NONE

PART III - FEDERAL PROGRAM AUDIT FINDINGS

NONE

PART IV - SUMMARY OF PRIOR AUDIT FINDINGS

NONE