

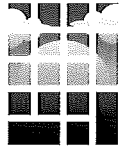
GREEN MOUNTAIN CHILDREN'S CENTER, INC.

FINANCIAL STATEMENTS

AUGUST 31, 2016 AND 2015

and

ACCOUNTANT'S REPORT



RICHARD A. PAUL, JR., CPA, P.C.

CERTIFIED PUBLIC ACCOUNTANT

ACCOUNTANT'S COMPILATION REPORT

To the Board of Directors of
Green Mountain Children's Center, Inc.

Management is responsible for the accompanying financial statements of Green Mountain Children's Center, Inc. (a Vermont nonprofit organization) which comprise the statement of financial position as of August 31, 2016 and 2015 and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. I have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services committee of the AICPA. I did not audit or review the financial statements nor was I required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, I do not express and opinion, a conclusion, nor provide any form of assurance on these financial statements.

I am not independent with respect to Green Mountain Children's Center, Inc.

White River Junction, Vermont
July 11, 2017

Richard A Paul Jr, CPA, P.C.

GREEN MOUNTAIN CHILDREN'S CENTER, INC.

STATEMENTS OF FINANCIAL POSITION

AUGUST 31, 2016 AND 2015

	2016	2015
ASSETS		
Current assets:		
Cash and cash equivalents	\$ -	\$ 88,248
Accounts receivable, net of allowance of \$10,300 and \$-0-, respectively	70,928	44,654
Due from employee	357	32
Prepaid costs	4,420	5,588
Deposits	<u>4,500</u>	<u>9,500</u>
Total current assets	<u>80,205</u>	<u>148,022</u>
 Property and equipment:		
Furniture, fixtures, equipment and appliances	46,242	46,242
Playground equipment	21,703	21,703
Security and technology	7,577	7,577
Buildings	89,895	89,895
Leasehold improvements	<u>21,240</u>	<u>21,240</u>
	186,657	186,657
Less: accumulated depreciation	<u>111,937</u>	<u>93,779</u>
Total property and equipment	<u>74,720</u>	<u>92,878</u>
Total assets	<u>\$ 154,925</u>	<u>\$ 240,900</u>
 LIABILITIES AND NET ASSETS		
Current liabilities:		
Cash overdraft	\$ 2,023	\$ -
Line of credit	20,000	-
Accounts payable	32,556	31,570
Accrued payroll	38,168	32,329
Payroll taxes payable	27,139	34,114
Advanced tuition	46,585	30,000
Deferred compensation - earned leave	<u>26,070</u>	<u>27,020</u>
Total current liabilities	<u>192,541</u>	<u>155,033</u>
 Net assets:		
Unrestricted	(71,189)	56,360
Temporarily restricted	<u>33,573</u>	<u>29,507</u>
Total net assets	<u>(37,616)</u>	<u>85,867</u>
Total liabilities and net assets	<u>\$ 154,925</u>	<u>\$ 240,900</u>

See accountant's compilation report and notes to financial statements

GREEN MOUNTAIN CHILDREN'S CENTER, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED AUGUST 31, 2016 AND 2015

	2016	2015
Revenues and support:		
Tuition	\$ 1,839,668	\$ 1,989,736
Grants	18,969	11,003
Fundraising activities	25,184	33,487
Interest income	31	49
Other revenue	12,327	781
Gain on disposal of assets	350	-
Released from temporarily restricted assets	45,629	31,919
Total revenues and support	1,942,158	2,066,975
 Expenses:		
Program services	1,872,377	1,869,494
Supporting services:		
Management and general	185,316	168,475
Fundraising	12,015	16,878
Total expenses	2,069,708	2,054,847
 Change in unrestricted net assets	(127,550)	12,128
 Grants	49,695	32,646
Released to unrestricted net assets	(45,629)	(31,919)
 Change in temporarily restricted net assets	4,066	727
 Change in net assets	\$ (123,484)	\$ 12,855

See accountant's compilation report and notes to financial statements

GREEN MOUNTAIN CHILDREN'S CENTER, INC.

STATEMENTS OF EQUITY

FOR THE YEARS ENDED AUGUST 31, 2016 AND 2015

	<u>Unrestricted Funds</u>	<u>Temporarily Restricted Funds</u>	<u>Permanently Restricted Funds</u>	<u>Totals</u>
Balance as of August 31, 2014	\$ 44,232	\$ 28,780	\$ -	\$ 73,012
Change in net assets	<u>12,128</u>	<u>727</u>	<u>-</u>	<u>12,855</u>
Balance as of August 31, 2015	56,360	29,507	-	85,867
Change in net assets	<u>(127,550)</u>	<u>4,066</u>	<u>-</u>	<u>(123,484)</u>
Balance as of August 31, 2016	<u>\$ (71,189)</u>	<u>\$ 33,573</u>	<u>\$ -</u>	<u>\$ (37,616)</u>

See accountant's compilation report and notes to financial statements

GREEN MOUNTAIN CHILDREN'S CENTER, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED AUGUST 31, 2016 AND 2015

	2016	2015
Cash flows from operating activities:		
Change in net assets	\$ (123,484)	\$ 12,855
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	18,158	17,533
Gain on disposal of assets	(350)	-
(Increase) decrease in the following assets:		
Accounts receivable	(26,274)	1,357
Due from employee	(325)	527
Deposits	5,000	-
Prepaid costs	1,168	(5,588)
Increase (decrease) in the following liabilities:		
Accounts payable	986	8,130
Accrued payroll	5,839	7,600
Payroll taxes payable	(6,975)	610
Advanced tuition	16,585	(5,096)
Deferred compensation - earned leave	(950)	3,430
Net cash provided by (used in) operating activities	(110,622)	41,358
 Cash flows from investing activities:		
Proceeds from disposal of assets	350	-
Purchases of property and equipment	-	(2,452)
Net cash provided by (used in) investing activities	350	(2,452)
 Cash flows from financing activities:		
Increase (decrease) in line of credit	20,000	-
Net cash provided by investing activities	20,000	-
 Net increase in cash and cash equivalents	(90,272)	38,906
 Cash and cash equivalents, beginning of year	88,248	49,342
 Cash and cash equivalents, end of year	\$ (2,023)	\$ 88,248
 Supplemental disclosures of cash flow information:		
Cash paid during the year for:		
Interest	\$ -	\$ 675

See accountant's compilation report and notes to financial statements

GREEN MOUNTAIN CHILDREN'S CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2016 AND 2015

Note 1. Summary of significant accounting policies:

This summary of significant accounting policies of Green Mountain Children's Center, Inc. (the Organization) is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Nature of organization – The Organization is an independent, nonprofit Vermont corporation formed in 1989 with three campuses located in White River Junction, Vermont and Claremont, New Hampshire. It serves nearly 300 families and cares for children from 6 weeks to 12 years old. The Organization's primary activity consists of providing early care and education in age appropriate programs while also offering extended afterschool education through local elementary schools. Revenues are generated mainly from family tuition and are supplemented by state and federal aid programs, fundraising activities, community grants and donations.

Basis of presentation – The financial statements are prepared in accordance with recommendations of the Financial Accounting Standards Board in its Statement of Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

- Unrestricted net assets – this class is used at the discretion of the board of directors and is not subject to donor-imposed stipulations.
- Temporarily restricted net assets – this class includes net assets that are restricted by donors for a specific purpose or a specific time period.
- Permanently restricted net assets – this class includes net assets that are restricted by donors for permanent investment. There are currently no assets in this class.

Basis of accounting – The Organization utilizes the accrual basis of accounting. Under this method, revenues are recognized in the period in which they are earned, and expenses are recognized at the time liabilities are incurred.

Use of estimates – In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required 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 revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Cash and cash equivalents – For purposes of the statement of cash flows, the Organization considers all short-term investments with an original maturity of three months or less to be cash equivalents.

Income taxes – The Organization is a nonprofit Vermont corporation and is exempt from income taxes under 501(c) (3) of the Internal Revenue Code, except to the extent of unrelated business taxable income. For the years ended August 31, 2016 and 2015, no provision for unrelated business taxes is required. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization is not a private foundation under Section 509(a)(2).

GREEN MOUNTAIN CHILDREN'S CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2016 AND 2015

Note 1. Summary of significant accounting policies (continued):

The Organization's returns of Organization Exempt from Income Tax for the years ended August 31, 2015, 2014, 2013 and 2012 are subject to examination by the Internal Revenue Service, generally three to four years after the returns are filed.

Property and equipment – Property and equipment, if purchased, are stated at cost and, if donated, are stated at fair value on the date of donation. The Organization follows the policy of charging to expense annual amounts of depreciation which allocate the cost of the property and equipment over their estimated useful lives. The Organization employs the straight-line method over the various lives of the assets. The ranges of the estimated useful lives are:

	<u>Years</u>
Furniture, fixtures, equipment and appliances	5 - 10
Computers and peripheral equipment	3 - 7
Playground equipment	7- 10
Leasehold improvements	10 - 20

Expenditures for maintenance and repairs are expensed when incurred. Depreciation expense was \$18,159 and \$17,533 for the years ended August 31, 2016 and 2015, respectively.

Contributions and promises to give – Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as unrestricted contributions.

All donor-restricted contributions are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Donated services – A number of unpaid volunteers make contributions of their time to develop the Organization's programs. The value of this time is not reflected in these financial statements since it does not meet the criteria for recognition under SFAS No. 116. Contributed professional services are recognized if the services received (a) create or enhance non-financial assets or (b) require specialized skill and are performed by individuals possessing those skills and would otherwise be purchased by the Organization.

For the years ended August 31, 2016 and 2015, the Organization had no permanently restricted revenue and support.

Advertising – The Organization expenses advertising costs as they are incurred.

Reclassifications - Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements. The results of these reclassifications had no effect on the reported increase in net assets.

GREEN MOUNTAIN CHILDREN'S CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2016 AND 2015

Note 2. Grants and contracts:

Support received under grants and contracts with various state agencies is recorded as public support and revenue in the appropriate fund when the related direct costs are incurred. Grants and contracts receivable represent amounts due from expenditures incurred prior to year-end.

Note 3. Donated goods and services:

The value of donated goods and services included in the financial statements and the corresponding expenses for the years ended August 31, 2016 and 2015 totaled \$3,436 and \$1,000.

Note 4. Compensated absences:

Employees of Green Mountain Children's Center, Inc. are entitled to paid vacations depending on length of service. Employees are also entitled to sick/personal days with limitations per year. The Organization's policies do not allow the accrual of sick/personal days.

Note 5. Earned leave time:

Each full-time employee accrues .05778 hours of earned leave time for every paid hour during their first five years of employment up to a maximum of 120 hours. After five years each full-time employee accrues at a rate of .07694 for every paid hour up to a maximum of 160 hours.

Employees working less than 40 hours per week will accrue proportionately less and those employees working less than 20 hours per week accrue no earned leave time.

The Organization encourages employees to take the earned leave time for various reasons, primarily to permit the staff to refresh themselves physically and mentally.

Any accrued earned leave time remaining at the time an individual ceases to be an employee of the Organization will be paid in cash as regular earnings subject to all tax withholding provisions at the hourly rate of their last scheduled pay period.

Note 6. Line of credit:

During the year ended August 31, 2011 the Organization entered into a revolving line of credit with Mascoma Savings Bank for up to \$50,000. The line of credit is secured by all business assets of the Organization. The line of credit's interest rate is tied to the Wall Street Journal prime rate plus 1% and is 5.75% as of August 31, 2016. \$20,000 and \$0- is outstanding on the line of credit as of August 31, 2016 and 2015. The line of credit was renewed at the same terms on July 13, 2015 and expires on August 3, 2017.

Note 7. Operating lease arrangements:

The Organization leases operating space in White River Junction, VT and Claremont, NH.

GREEN MOUNTAIN CHILDREN'S CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2016 AND 2015

Note 7. Operating lease arrangements (continued):

Future minimum lease payments under these leases are as follows for the years ended August 31:

2017	\$	131,408
2018		131,408
2019		131,408
2020		121,623
2021		<u>72,696</u>
	\$	<u>588,543</u>

Total rent expense for the years ended August 31, 2016 and 2015 was \$203,873 and \$189,606, respectively.

During the year ended August 31, 2016, the Organization ceased operations in its Lebanon, NH location due to continued losses. Minimal costs were incurred due to the closing of the location. Other than reductions in revenues and expenses there is no expected major effect on the overall operations of the Organization for future years.

Note 8. Subsequent events:

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through July 11, 2017, the date the financial statements were available to be issued. No significant subsequent events have been identified by management.

GREEN MOUNTAIN CHILDREN'S CENTER, INC.

SCHEDULES OF FUNCTIONAL EXPENSES

FOR THE YEARS ENDED AUGUST 31, 2016 AND 2015

	Program Services			Total 2016	Total 2015 (Memorandum Only)
	Program Services	Management and General	Fundraising		
Salaries and wages	\$ 1,301,234	\$ 73,449	\$ -	\$ 1,374,683	\$ 1,368,978
Occupancy	233,183	25,909	-	259,092	251,381
Payroll taxes	99,301	5,605	-	104,906	107,320
Employee benefits	64,875	3,662	-	68,537	79,505
Office supplies	17,482	17,482	-	34,964	34,861
Insurance	25,420	2,824	-	28,244	24,490
Professional fees	-	25,241	-	25,241	6,644
Summer camp/field trips	23,612	-	-	23,612	44,400
Outside services	-	20,523	-	20,523	11,965
Depreciation	13,619	4,539	-	18,158	17,533
Food	18,054	-	-	18,054	14,773
Classroom supplies	18,031	-	-	18,031	14,926
Bad debts	15,722	-	-	15,722	12,946
Conferences and training	12,410	-	-	12,410	8,724
Fundraising activities	-	-	12,015	12,015	16,878
Telephone	10,193	1,798	-	11,991	12,676
Miscellaneous	7,007	-	-	7,007	743
Repairs and maintenance	6,302	700	-	7,003	9,754
Security and technology	2,013	224	-	2,237	3,821
Gifts	-	1,621	-	1,621	3,496
Dues and subscriptions	1,567	-	-	1,567	2,135
Advertising	1,364	-	-	1,364	1,785
Bank service charges	-	1,260	-	1,260	1,077
Travel	766	-	-	766	3,538
Postage	160	479	-	639	498
Licenses and permits	61	-	-	61	-
Total expenses	\$ 1,872,377	\$ 185,316	\$ 12,015	\$ 2,069,708	\$ 2,054,847

See accountant's compilation report