



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

CERTIFIED PUBLIC ACCOUNTANT

## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

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

I have reviewed 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, 2018 and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

### 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 the financial statements that are free from material misstatement whether due to fraud or error.

### Accountant's Responsibility

My responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require me to perform procedures to obtain limited assurance as a basis for reporting whether I am aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. I believe that the results of my procedures provide a reasonable basis for my conclusion.

### Accountant's Conclusion

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

### Supplementary Information

The supplementary information included in the Schedule of Functional Expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information is the representation of management. I have reviewed the information and, based on my review, I am not aware of any material modifications that should be to the information in order for it to be in accordance with accounting principles generally accepted in the United States of America. I have not audited the information and, accordingly, do not express an opinion on such information.

White River Junction, Vermont  
July 15, 2019

*Richard A. Paul, Jr., CPA, P.C.*

GREEN MOUNTAIN CHILDREN'S CENTER, INC.

STATEMENT OF FINANCIAL POSITION

AUGUST 31, 2018

**ASSETS**

**Current assets:**

Cash and cash equivalents	\$ 18,854
Accounts receivable, net of allowance of \$10,318	22,758
Deposits	<u>4,500</u>
Total current assets	<u>46,112</u>

**Property and equipment:**

Furniture, fixtures, equipment and appliances	48,505
Playground equipment	21,703
Security and technology	8,449
Buildings	89,895
Leasehold improvements	<u>21,240</u>
	189,792
Less: accumulated depreciation	<u>141,629</u>
Total property and equipment	<u>48,163</u>
Total assets	<u>\$ 94,275</u>

**LIABILITIES AND NET ASSETS**

**Current liabilities:**

Line of credit	\$ 8,668
Accounts payable	12,258
Accrued payroll	47,851
Payroll taxes payable	31,040
Advanced tuition	26,593
Deferred compensation - earned leave	<u>29,808</u>
Total current liabilities	<u>156,218</u>

**Net assets:**

Unrestricted	(71,943)
Temporarily restricted	<u>10,000</u>
Total net assets	<u>(61,943)</u>
Total liabilities and net assets	<u>\$ 94,275</u>

See independent accountant's review report and notes to financial statements

GREEN MOUNTAIN CHILDREN'S CENTER, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2018

<b>Revenues and support:</b>	
Tuition	\$ 1,704,740
Grants	79,067
Fundraising activities	14,134
Interest income	5
Other revenue	34,308
Released from temporarily restricted assets	<u>39,029</u>
Total revenues and support	<u>1,871,283</u>
<b>Expenses:</b>	
Program services	1,698,307
Supporting services:	
Management and general	141,997
Fundraising	<u>10,182</u>
Total expenses	<u>1,850,486</u>
<b>Change in unrestricted net assets</b>	<u>20,797</u>
Grants	23,992
Released to unrestricted net assets	<u>(39,029)</u>
<b>Change in temporarily restricted net assets</b>	<u>(15,037)</u>
<b>Change in net assets</b>	<u>\$ 5,760</u>

See independent accountant's review report and notes to financial statements

**GREEN MOUNTAIN CHILDREN'S CENTER, INC.**

**STATEMENT OF NET ASSETS**

**FOR THE YEARS ENDED AUGUST 31, 2018 AND 2017**

	<u>Unrestricted Funds</u>	<u>Temporarily Restricted Funds</u>	<u>Permanently Restricted Funds</u>	<u>Totals</u>
Balance as of August 31, 2017	(92,740)	25,037	-	(67,703)
Change in net assets	<u>20,797</u>	<u>(15,037)</u>	<u>-</u>	<u>5,760</u>
Balance as of August 31, 2018	<u>\$ (71,943)</u>	<u>\$ 10,000</u>	<u>\$ -</u>	<u>\$ (61,943)</u>

See independent accountant's review report and notes to financial statements

GREEN MOUNTAIN CHILDREN'S CENTER, INC.

STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED AUGUST 31, 2018 AND 2017

<b>Cash flows from operating activities:</b>	
Change in net assets	\$ 5,760
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	13,779
(Increase) decrease in the following assets:	
Accounts receivable	1,800
Increase (decrease) in the following liabilities:	
Accounts payable	(40,809)
Accrued payroll	1,733
Payroll taxes payable	8,348
Advanced tuition	(3,105)
Deferred compensation - earned leave	6,646
Net cash used in operating activities	<u>(5,848)</u>
<b>Cash flows from Investing activities:</b>	
Fixed asset purchases	<u>(3,135)</u>
Net cash used in investing activities	<u>(3,135)</u>
<b>Cash flows from financing activities:</b>	
Increase (decrease) in line of credit	<u>(12,249)</u>
Net cash used in investing activities	<u>(12,249)</u>
<b>Net increase in cash and cash equivalents</b>	(21,232)
<b>Cash and cash equivalents, beginning of year</b>	<u>40,086</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 18,854</u>
<b>Supplemental disclosures of cash flow information:</b>	
Cash paid during the year for:	
Interest	\$ 2,345

See accountant's independent review report and notes to financial statements

**GREEN MOUNTAIN CHILDREN'S CENTER, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**AUGUST 31, 2018**

**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 year ended August 31, 2018, 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, 2018

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

The Organization's returns of Organization Exempt from Income Tax for the years ended August 31, 2017, 2016, 2015 and 2014 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 \$13,779 and for the year ended August 31, 2018.

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 year ended August 31, 2018 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, 2018**

**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 year ended August 31, 2018 totaled \$-.

**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 \$75,000. 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 6.75% as of August 31, 2018. \$8,668 is outstanding on the line of credit as of August 31, 2018. The line of credit was renewed at the same terms on August 3, 2018 and expires on August 3, 2019.



**GREEN MOUNTAIN CHILDREN'S CENTER, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**AUGUST 31, 2018**

**Note 7. Operating lease arrangements:**

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

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

2019	\$	131,408
2020		121,623
2021		<u>72,696</u>
	\$	<u>325,727</u>

Total rent expense for the year ended August 31, 2018 was \$134,158.

**Note 8. Subsequent events:**

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through July 15, 2019, 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.**

**SCHEDULE OF FUNCTIONAL EXPENSES**

**FOR THE YEAR ENDED AUGUST 31, 2018**

	Program Services			Total
	Program Services	Management and		
		General	Fundraising	
Salaries and wages	\$ 1,123,904	\$ 60,971	\$ -	\$ 1,184,875
Occupancy	145,965	16,218	-	162,183
Employee benefits	97,610	5,295	-	102,905
Payroll taxes	92,668	5,027	-	97,695
Bad debts	55,592	-	-	55,592
Food	41,501	-	-	41,501
Summer camp/field trips	34,775	-	-	34,775
Office supplies	13,953	13,953	-	27,906
Insurance	20,572	2,286	-	22,858
Professional fees	-	15,397	-	15,397
Depreciation	10,334	3,444	-	13,778
Security and technology	12,317	1,369	-	13,686
Conferences and training	12,757	-	-	12,757
Fundraising activities	-	-	10,182	10,182
Telephone	8,575	1,513	-	10,088
Outside services	-	9,375	-	9,375
Classroom supplies	9,359	-	-	9,359
Advertising	5,135	-	-	5,135
Repairs and maintenance	4,474	497	-	4,971
Travel	4,107	-	-	4,107
Dues and subscriptions	2,448	-	-	2,448
Gifts	-	2,345	-	2,345
Bank service charges	-	2,079	-	2,079
Interest	-	2,029	-	2,029
Miscellaneous	1,987	-	-	1,987
Postage	66	198	-	264
Human Resources	208	-	-	208
<b>Total expenses</b>	<b>\$ 1,698,307</b>	<b>\$ 141,997</b>	<b>\$ 10,182</b>	<b>\$ 1,850,486</b>

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