

**SOUTHERN KENNEBEC  
CHILD DEVELOPMENT CORPORATION**

**AUDIT IN ACCORDANCE WITH GOVERNMENT  
AUDITING STANDARDS AND THE UNIFORM GUIDANCE**

**May 31, 2020**

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Independent Auditor's Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial  
Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors  
Southern Kennebec Child Development Corporation  
Farmingdale, Maine

We have audited, 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, the financial statements of Southern Kennebec Child Development Corporation (the Corporation), which comprise the statement of financial position as of May 31, 2020, and the related statements 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 October 13, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation'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 Corporation'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.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free from material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation'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 Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Handwritten signature in black ink that reads "A. Audeau, Michael A. Audeau".

Waterville, Maine  
October 13, 2020



Independent Auditor's Report on Compliance for Each Major Federal Program; Internal Control Over Compliance; and on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

To the Board of Directors  
Southern Kennebec Child Development Corporation  
Farmingdale, Maine

**Report on Compliance for Each Major Federal Program**

We have audited Southern Kennebec Child Development Corporation's (the Corporation) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Corporation's major federal programs for the year ended May 31, 2020. The Corporation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questions 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 the Corporation'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 the Corporation'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 the Corporation's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the Corporation 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 May 31, 2020.

## **Report on Internal Control Over Compliance**

Management of the Corporation 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 the Corporation'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 the Corporation's internal control over compliance.

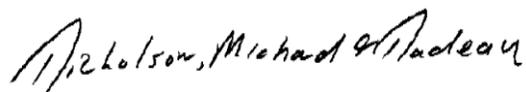
A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a 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.

## **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of Southern Kennebec Child Development Corporation as of and for the year ended May 31, 2020, and have issued our report thereon dated October 13, 2020, which contained an unmodified opinion on those financial statements. 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 is presented for purposes of additional analysis as required by the Uniform Guidance 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



Waterville, Maine  
October 13, 2020

**SOUTHERN KENNEBEC CHILD DEVELOPMENT CORPORATION**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**Year Ended May 31, 2020**

Federal Grantor/Pass-through Grantor/ Program or Cluster Title:	Federal CFDA Number	Agreement Number	Federal Expenditures
<b>U.S. Department of Health and Human Services</b>			
Head Start	93.600	01CH010930-01-02	<b>\$ 3,399,686</b>
Head Start	93.600	01CH010930-01-02C3	<b>35,283</b>
			<u><b>3,434,969</b></u>
<b>Pass-through from Kennebec Valley Community Action Program:</b>			
Head Start	93.600	-	<b>134,655</b>
<b>Pass-through from Maine Department of Health and Human Services:</b>			
Child Care and Development Block Grant	93.575	-	<b>2,338</b>
Temporary Assistance for Needy Families (TANF)	93.558	20-1409A	<b>48,160</b>
Temporary Assistance for Needy Families (TANF)	93.558	19-1409B	<b>4,356</b>
			<u><b>52,516</b></u>
<b>Total U.S. Department of Health and Human Services</b>			<u><b>3,624,478</b></u>
<b>U.S. Department of Agriculture</b>			
<b>Pass-through from Maine Department of Education:</b>			
Child and Adult Care Food Program (CACFP)	10.558	20-469	<b>249,657</b>
Child and Adult Care Food Program (CACFP)	10.558	19-469	<b>167,376</b>
			<u><b>417,033</b></u>
Summer Food Service Program for Children	10.559	-	<b>2,456</b>
<b>Total U.S. Department of Agriculture</b>			<u><b>419,489</b></u>
<b>U.S. Department of Education</b>			
<b>Pass-through from Vassalboro Community School:</b>			
Preschool Development Grant Program - Expansion Grants	84.419	-	<b>12,247</b>
<b>Pass-through from Regional School Unit 12:</b>			
Preschool Development Grant Program - Expansion Grants	84.419	-	<b>24,167</b>
<b>Total U.S. Department of Education</b>			<u><b>36,414</b></u>
<b>Total Expenditures of Federal Awards</b>			<u><b>\$ 4,080,381</b></u>

See independent auditor's report on schedule of expenditures of federal awards.  
The accompanying notes are an integral part of this schedule.

**Southern Kennebec Child Development Corporation**

**NOTES to SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**May 31, 2020**

**NOTE 1 – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards was prepared in accordance with the 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). The purpose of this schedule is to present information related to expenditures of Southern Kennebec Child Development Corporation (the Corporation) under programs of the federal government for the year ended May 31, 2020.

The Corporation's federal awards are received either directly from the federal government or indirectly through "pass-through" organizations.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying schedule of expenditures of federal awards was prepared using the accrual method of accounting. Expenses are recognized as incurred using the cost accounting principles contained in the Uniform Guidance. Under those cost principles, certain types of expenses are not allowable or are limited as to reimbursement.

During the year ended May 31, 2020, the Corporation did not elect to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance. Indirect costs applied to awards for the year ended May 31, 2020 were either in accordance with the Corporation's U.S. Department of Health and Human Services Head Start agreement or negotiated with the State of Maine Departments of Health and Human Services and Education, the pass through entities for certain grant awards of the Corporation.

**NOTE 3 – SUBRECIPIENTS**

Of the federal expenditures presented in the schedule of expenditures of federal awards, the Corporation did not provide federal awards to subrecipients.

**NOTE 4 – MATCHING**

In accordance with terms of the U.S. Department of Health and Human Services Head Start agreement, the Corporation has met its matching requirements during the year ended May 31, 2020.

**Southern Kennebec Child Development Corporation**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**May 31, 2020**

**Section I Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued: **Unmodified**  
Internal control over financial reporting:  
Material weakness(es) identified? **No**  
Significant deficiency(ies) identified? **None reported**

Noncompliance material to financial statements  
noted? **No**

Federal Awards

Internal control over major programs:  
Material weakness(es) identified? **No**  
Significant deficiency(ies) identified? **None reported**

Type of auditor's report issued on compliance  
for major programs: **Unmodified**

Any audit findings disclosed that are required  
to be reported in accordance with Section  
200.516 of the Uniform Guidance? **No**

Identification of Major Programs

93.600 Head Start

Dollar threshold used to distinguish between  
type A and type B programs: **\$750,000**

Auditee qualified as low-risk auditee? **Yes**

**Section II Financial Statement Findings**

No matters reportable

**Section III Federal Award Findings and Questioned Costs**

No matters reportable

**SOUTHERN KENNEBEC  
CHILD DEVELOPMENT CORPORATION**

**FINANCIAL REPORT**

**May 31, 2020 and 2019**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Southern Kennebec Child Development Corporation  
Farmingdale, Maine

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Southern Kennebec Child Development Corporation (a nonprofit organization), which comprise the statements of financial position as of May 31, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Southern Kennebec Child Development Corporation as of May 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Other Information*

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying statements of revenues and expenses by program on pages 15 and 16 are presented for purposes of additional analysis and are 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 October 13, 2020 on our consideration of Southern Kennebec Child Development Corporation'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 Southern Kennebec Child Development Corporation'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 Southern Kennebec Child Development Corporation's internal control over financial reporting and compliance.

Handwritten signature of Michael G. Maclean in black ink.

Waterville, Maine  
October 13, 2020

**SOUTHERN KENNEBEC CHILD DEVELOPMENT CORPORATION**

**STATEMENTS OF FINANCIAL POSITION**

**May 31,**

**ASSETS**

	<b>2020</b>	2019
<b>Current Assets</b>		
Cash	\$ 365,434	\$ 633,521
Short-term investments - other	578,866	366,454
Accounts receivable	29,702	29,815
Grants receivable	279,702	277,026
Prepaid expenses	49,789	48,151
<b>Total Current Assets</b>	<b>1,303,493</b>	1,354,967
<b>Property, Plant and Equipment</b>		
Land	130,000	130,000
Building and improvements	1,196,224	1,196,224
Equipment	416,461	419,582
Leasehold improvements	232,876	101,393
Vehicles	109,786	109,786
	2,085,347	1,956,985
Less - accumulated depreciation	(1,026,162)	(995,144)
<b>Net Property, Plant and Equipment</b>	<b>1,059,185</b>	961,841
<b>Total Assets</b>	<b>\$ 2,362,678</b>	\$ 2,316,808

**LIABILITIES and NET ASSETS**

<b>Current Liabilities</b>		
Accounts payable	\$ 61,625	\$ 195,283
Accrued payroll	58,777	49,865
Accrued compensated absences	100,739	89,055
Accrued payroll taxes	4,626	4,006
Refundable advances	37,722	30,690
<b>Total Current Liabilities</b>	<b>263,489</b>	368,899
<b>Net Assets</b>		
Without donor restrictions	2,099,189	1,947,909
<b>Total Liabilities and Net Assets</b>	<b>\$ 2,362,678</b>	\$ 2,316,808

**See independent auditor's report.  
The accompanying notes are an integral part of these financial statements.**

**SOUTHERN KENNEBEC CHILD DEVELOPMENT CORPORATION**

**STATEMENTS OF ACTIVITIES**

**Years Ended May 31,**

	<b>2020</b>	2019
<b>Revenues and Support</b>		
Grant revenue	\$ 4,277,371	\$ 4,081,117
Program revenue and fees	641,690	597,495
In-kind revenue	851,871	731,025
Interest income	13,159	8,903
Contributions	40,952	35,717
<b>Total Revenues and Support</b>	<u>5,825,043</u>	<u>5,454,257</u>
<b>Expenses</b>		
Program		
Child education	4,137,317	3,770,529
Food	402,088	466,447
Child care	612,502	623,643
Other	40,408	15,634
Total Program Expenses	<u>5,192,315</u>	<u>4,876,253</u>
Supporting		
Management and general	481,448	497,939
<b>Total Expenses</b>	<u>5,673,763</u>	<u>5,374,192</u>
<b>Change in Net Assets</b>	<u>151,280</u>	<u>80,065</u>
<b>Net Assets at Beginning of Year</b>	<u>1,947,909</u>	<u>1,867,844</u>
<b>Net Assets at End of Year</b>	<u>\$ 2,099,189</u>	<u>\$ 1,947,909</u>

See independent auditor's report.  
The accompanying notes are an integral part of these financial statements.

SOUTHERN KENNEBEC CHILD DEVELOPMENT CORPORATION

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended May 31, 2020

	Child Education				Food			Childcare		Total Programs	Management and General	Total
	Federal	State	State	KVCAP	U.S.D.A	U.S.D.A	U.S.D.A	Private Child Care	Other			
	Head Start 01CH010930-01-02 6/1/2019 - 5/31/2020	Head Start 20-1409A 7/1/2019 - 6/30/2021	Head Start 19-1409B 7/1/2018 - 6/30/2019		Centers/Homes 20-469 10/1/2019 - 9/30/2020	Centers/Homes 19-469 10/1/2018 - 9/30/2019	Summer Feeding Program 6/18/2019 - 8/21/2019					
<b>Expenses</b>												
Salaries	\$ 2,065,124	\$ 145,161	\$ 13,694	\$ 84,905	\$ 9,793	\$ 22,692	\$ 907	\$ 430,005	\$ 15,736	\$ 2,788,017	\$ 251,841	\$ 3,039,858
Payroll taxes	167,812	11,796	1,113	6,900	919	2,068	85	40,882	1,574	233,149	20,525	253,674
Employee benefits	338,990	25,259	1,096	13,420	6,540	2,331	52	71,583	1,156	460,427	43,556	503,983
Contract services	30,647	2,082	171	1,229	-	-	-	-	2,868	36,997	-	36,997
In-kind expenses	812,147	-	-	39,724	-	-	-	-	-	851,871	-	851,871
Travel	25,537	1,328	125	777	560	400	21	3,935	200	32,883	3,523	36,406
Program supplies	58,355	5,172	488	5,025	-	-	228	15,320	14,472	99,060	15,218	114,278
Office equipment and supplies	6,709	439	42	257	810	836	-	1,301	-	10,394	8,695	19,089
Postage	957	68	7	40	368	-	-	199	-	1,639	1,309	2,948
Depreciation	-	-	-	-	-	-	-	-	-	-	59,087	59,087
Rent	33,589	2,279	215	1,333	1,573	1,227	-	6,753	-	46,969	31,528	78,497
Utilities	65,159	4,580	432	2,679	-	-	-	13,568	-	86,418	-	86,418
Telephone	5,079	1,413	133	827	155	-	-	4,186	-	11,793	6,752	18,545
Insurance and health services	13,722	953	90	557	1,403	-	-	2,823	-	19,548	22,873	42,421
Professional fees	4,625	-	-	-	-	-	-	-	-	4,625	12,021	16,646
Repairs and maintenance	71,975	6,287	593	3,677	542	-	-	18,623	2,345	104,042	1,188	105,230
Food	5,971	-	-	-	69,083	35,163	1,163	-	-	111,380	-	111,380
Provider reimbursements	-	-	-	-	147,335	94,788	-	-	-	242,123	-	242,123
Other expenses	14,545	332	31	194	920	126	-	984	2,057	19,189	-	19,189
Advertising	2,478	-	-	-	-	-	-	-	-	2,478	-	2,478
Training	25,646	790	75	462	-	-	-	2,340	-	29,313	3,332	32,645
<b>Total Expenses</b>	<b>\$ 3,749,067</b>	<b>\$ 207,939</b>	<b>\$ 18,305</b>	<b>\$ 162,006</b>	<b>\$ 240,001</b>	<b>\$ 159,631</b>	<b>\$ 2,456</b>	<b>\$ 612,502</b>	<b>\$ 40,408</b>	<b>\$ 5,192,315</b>	<b>\$ 481,448</b>	<b>\$ 5,673,763</b>

See independent auditor's report.  
The accompanying notes are an integral part of these financial statements.

**SOUTHERN KENNEBEC CHILD DEVELOPMENT CORPORATION**

**STATEMENT OF FUNCTIONAL EXPENSES**

Year Ended May 31, 2019

	Child Education			Food		Child Care			Total Programs	Management and General	Total
	Federal	State	State	U.S.D.A	U.S.D.A	Private Child Care	Child Care Options	Other			
	Head Start	Head Start	Head Start	Centers/Homes	Centers/Homes						
	01CH2916-05 6/1/2018 - 5/31/2019	19-1409B 7/1/2018 - 6/30/2019	17-1409A 7/1/2016 - 6/30/2018	19-469 10/1/2018 9/30/2019	18-469 10/1/2017 9/30/2018						
<b>Expenses</b>											
Salaries	\$ 1,835,514	\$ 137,932	\$ 55,635	\$ 14,761	\$ 16,662	\$ 418,464	\$ 784	\$ -	\$ 2,479,752	\$ 272,797	\$ 2,752,549
Payroll taxes	155,945	11,718	4,726	1,346	1,908	35,552	131	-	211,326	23,343	234,669
Employee benefits	285,318	21,440	8,648	5,041	3,404	65,047	202	-	389,100	43,489	432,589
Contract services	38,330	775	70	-	-	-	835	9,384	49,394	-	49,394
In-kind expenses	731,025	-	-	-	-	-	-	-	731,025	-	731,025
Travel	27,748	1,575	641	822	578	4,708	-	25	36,097	3,852	39,949
Program supplies	64,432	5,995	2,417	-	-	18,180	-	-	91,024	17,932	108,956
Office equipment and supplies	8,759	802	324	969	1,011	2,441	5	-	14,311	13,082	27,393
Postage	649	59	24	444	-	181	-	-	1,357	913	2,270
Minor equipment and equipment rental	2,499	-	-	-	-	-	-	-	2,499	-	2,499
Depreciation	-	-	-	-	-	-	-	-	-	52,845	52,845
Rent	31,856	2,658	1,073	2,179	1,418	8,079	-	-	47,263	30,823	78,086
Utilities	72,292	5,297	2,136	-	-	16,063	-	-	95,788	-	95,788
Telephone	35,030	2,715	1,095	562	493	8,241	17	-	48,153	11,674	59,827
Insurance and health services	11,998	1,060	428	1,487	1,341	3,227	-	-	19,541	17,388	36,929
Professional fees	8,155	363	147	-	-	1,103	-	-	9,768	5,101	14,869
Repairs and maintenance	119,300	10,570	4,262	426	15	32,052	-	-	166,625	560	167,185
Food	11,059	-	-	93,904	32,889	-	-	871	138,723	-	138,723
Provider reimbursements	-	-	-	183,396	99,339	-	-	-	282,735	-	282,735
Other expenses	16,745	689	241	404	1,648	1,920	-	5,354	27,001	-	27,001
Advertising	3,728	-	-	-	-	-	-	-	3,728	-	3,728
Training	21,683	2,102	847	-	-	6,375	36	-	31,043	4,140	35,183
<b>Total Expenses</b>	<b>\$ 3,482,065</b>	<b>\$ 205,750</b>	<b>\$ 82,714</b>	<b>\$ 305,741</b>	<b>\$ 160,706</b>	<b>\$ 621,633</b>	<b>\$ 2,010</b>	<b>\$ 15,634</b>	<b>\$ 4,876,253</b>	<b>\$ 497,939</b>	<b>\$ 5,374,192</b>

See independent auditor's report.  
The accompanying notes are an integral part of these financial statements.

**SOUTHERN KENNEBEC CHILD DEVELOPMENT CORPORATION**

**STATEMENTS OF CASH FLOWS**

**Years Ended May 31,**

	<b>2020</b>	2019
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 151,280	\$ 80,065
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	59,087	52,845
Grant funds restricted for property and equipment acquisitions	(156,431)	(73,516)
(Increase) decrease in operating assets:		
Accounts receivable	113	(11,888)
Grants receivable	(2,676)	217,151
Prepaid expenses	(1,638)	(15,630)
Increase (decrease) in operating liabilities:		
Accounts payable	(133,658)	(11,761)
Accrued payroll	8,912	5,705
Accrued compensated absences	11,684	(10,714)
Accrued payroll taxes	620	204
Refundable advances	7,032	(86,947)
<b>Net cash flows from operating activities</b>	<u><b>(55,675)</b></u>	<u>145,514</u>
<b>Cash flows from investing activities:</b>		
Net purchase of short-term investments - other	<u>(212,412)</u>	<u>(104,616)</u>
<b>Net cash flows from investing activities</b>	<u><b>(212,412)</b></u>	<u>(104,616)</u>
<b>Net change in cash</b>	<b>(268,087)</b>	40,898
<b>Cash at beginning of period</b>	<u><b>633,521</b></u>	<u>592,623</u>
<b>Cash at end of period</b>	<u><b>\$ 365,434</b></u>	<u>\$ 633,521</u>

**See independent auditor's report.**

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

**Southern Kennebec Child Development Corporation**

**NOTES to FINANCIAL STATEMENTS**

**May 31, 2020 and 2019**

**NOTE 1 – PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES**

**Nature of the Organization**

Southern Kennebec Child Development Corporation (the Corporation) is organized as a nonprofit Maine corporation. The Corporation is dedicated to providing and supporting the development of, and access to, quality early care and education programs that are responsive to children, families and professionals. The Corporation receives approximately 85% of its grant revenue from the U.S. and State of Maine Departments of Health and Human Services (DHHS), under annual grants, to operate Head Start and Early Head Start programs in Southern Kennebec County. Other services provided by the Corporation include child care, child development, social, health, nutrition, and special needs services to families enrolled in the Head Start and Early Head Start programs.

**Cash and Cash Equivalents**

The Corporation considers all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents.

**Short-term Investments - Other**

Certificates of deposit with original maturities greater than three months and remaining maturities less than one year are classified as short-term investments – other in the statements of financial position.

**Accounts and Grants Receivable and Credit Policy**

Accounts receivable consist primarily of non-interest bearing amounts due for program related services and are stated at the amount management expects to collect from outstanding balances. Management determines the allowance for uncollectible accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectible. At May 31, 2020 and 2019, the Corporation considered all remaining accounts receivable to be fully collectible. Accordingly, there was no allowance for uncollectible accounts receivable recorded.

Grants receivable are stated at the amount management expects to collect from outstanding balances due from various federal and state grant programs. Management has determined that a valuation allowance is not necessary and believes that its grants receivable credit risk is limited.

**Property, Plant and Equipment**

Property, plant and equipment acquisitions in excess of \$5,000 are recorded at cost, or if donated, at fair value on the date of donation. Depreciation and amortization expense is computed on the straight-line basis over the estimated useful lives of the assets, ranging from 5 to 40 years, or in the case of capitalized lease assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of repairs and maintenance that do not improve or extend the useful lives of the respective assets are expensed currently.

**Refundable Advances**

Refundable advances result from the Corporation recognizing revenue in the period in which the related program and/or service is performed.

**Southern Kennebec Child Development Corporation**

**NOTES to FINANCIAL STATEMENTS**

**May 31, 2020 and 2019**

**NOTE 1 – PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Net Assets**

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

*Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. The Corporation reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. The Corporation did not have any net assets with donor restrictions as of May 31, 2020 and 2019.

**Revenues and Revenue Recognition**

***Contracts with Customers***

Program fees are reported at the amount that reflects the consideration to which the Corporation expects to be entitled for providing childcare services to its customers.

Generally, the Corporation bills customers and third-party payors several days after the services are performed. Revenue is recognized as performance obligations are satisfied. Performance obligations are determined based on the nature of the services provided by the Corporation. The Company measures the performance obligations of its childcare services to the point when it is no longer required to provide services to the customer, which is generally weekly for childcare services. These services are considered to be a single performance obligation. Revenue for performance obligations satisfied at a point in time is recognized when services are provided and the Organization does not believe it is required to provide additional services to the customer.

Based on the nature of services provided by the Corporation and due to the fact that all of the Corporation's performance obligations relate to contracts with a duration of less than one year, the Corporation has elected to apply the optional exemption provided in FASB ASC 606-10-50-14(a) and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period.

The transaction price for childcare services is based on standard charges for services provided to customers. Under the terms of Maine Department of Health and Human Services childcare subsidy programs, reimbursement for childcare services provided may differ from established rates. It is the Corporation's policy to set its rates to be consistent with current reimbursement rates. Therefore, amounts due do not include significant variable consideration subject to retroactive revenue adjustments due to settlement of reviews and audits.

**Southern Kennebec Child Development Corporation**

**NOTES to FINANCIAL STATEMENTS**

**May 31, 2020 and 2019**

**NOTE 1 – PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Revenues and Revenue Recognition – continued**

***Contracts with Customers – continued***

The Corporation has elected to apply the practical expedient allowed under FASB ASC 606-10-10-4 for applying the new revenue standard to a portfolio of contracts with similar characteristics. The Corporation accounts for the contracts within each portfolio as a collective group, rather than individual contracts, based on the payment pattern expected in each portfolio category and the similar nature and characteristics of the customers within each portfolio. The portfolios consist of major payor classes for childcare services. Based on historical collection trends and other analysis, the Corporation has concluded that revenue for a given portfolio would not be materially different than if accounting for revenue on a contract by contract basis.

The Corporation has also elected to apply the practical expedient allowed under FASB ASC 606-10-32-18 for the financing component, as the period of time between the service being provided and the time that the customer or third-party payor pays for the service is typically one year or less.

***Private Grant Revenue and Contributions***

Private grant revenue and contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

***Grants and Contracts***

Grant revenue is derived from a direct federal grant agreement and various state and private entity pass-through grant agreements to provide funding support for the Corporation's Head Start and Early Head Start programs and other services provided by the Corporation including child care, child development, social, health, nutrition, and special needs services to families enrolled in the Head Start and Early Head Start programs. The Corporation has evaluated its grant agreements against applicable accounting standard guidance and determined that the grant agreements are contributions (nonreciprocal transaction) conditioned upon certain performance requirements and/or incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Corporation has incurred expenses in compliance with specific provisions in the grant agreement.

***In-Kind Revenue***

The Corporation has recorded in-kind contributions for space and services in the statement of activities in accordance with financial accounting standards. Support arising from donated space and services is recognized in the financial statements at its fair value. Donated services are recognized when the services received create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by the donation.

The requirements of these financial accounting standards are different than the in-kind contribution requirements of the Corporation's grant awards. The Corporation utilized the services of outside volunteers during the years ended May 31, 2020 and 2019 with an estimated fair value of approximately \$37,775 and \$60,754, respectively. The fair value of these services is not recognized in the statements of activities or the statements of functional expenses since they do not meet the criteria for recognition under financial accounting standards.

**Advertising**

The Corporation expenses advertising costs as they are incurred. Advertising expense totaled \$2,478 and \$3,728 for the years ended May 31, 2020 and 2019, respectively.

**Southern Kennebec Child Development Corporation**

**NOTES to FINANCIAL STATEMENTS**

**May 31, 2020 and 2019**

**NOTE 1 – PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Functional Allocation of Expenses**

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include rent and utilities, which are allocated on a square footage basis, as well as salaries, payroll taxes, employee benefits, professional services, office equipment and supplies, insurance, and other, which are allocated on the basis of estimates of time and effort.

**Income Taxes**

The Corporation is exempt from federal income tax under Section 501(c)(3), as confirmed by a determination letter issued by the Internal Revenue Service and is classified as other than a private foundation under IRC Section 509(a)(1). Management evaluated the Corporation's tax positions and concluded that the Corporation had taken no uncertain tax positions that required adjustment to the financial statements. The Corporation does not expect that unrecognized tax benefits or liabilities arising from tax positions will change significantly within the next twelve months.

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires the Corporation to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

**Financial Instruments and Credit Risk**

The Corporation maintains its cash and certificates of deposit accounts at multiple financial institutions. Accounts at the institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. In addition, the Corporation has entered into a master repurchase agreement with a financial institution. Under the agreement, funds in the Corporation's operating checking account are swept daily into a higher yield investment account in which the full balance at any time is pledged by securities. As of May 31, 2020, the Company's bank balance was \$414,601 of which \$99,000 was subject to FDIC insurance and \$315,601 was collateralized. The Corporation has not experienced any losses in its cash and certificates of deposit accounts and management believes it is not exposed to any significant risks with respect to these accounts.

Credit risk associated with accounts receivable and grants receivable is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from program participants and governmental agencies supportive of our mission.

**Subsequent Events**

Management has evaluated subsequent events through October 13, 2020, the date the financial statements were available to be issued and determined that any subsequent events that would require recognition or disclosure have been considered in the preparation of the financial statements.

**Southern Kennebec Child Development Corporation**

**NOTES to FINANCIAL STATEMENTS**

**May 31, 2020 and 2019**

**NOTE 2 – ACCOUNTING STANDARDS**

**Recently Adopted Financial Accounting Pronouncements**

*Revenue Recognition*

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which added a new ASC Topic 606 (“ASC 606”). ASC 606 revises and consolidates prior guidance, eliminates industry-specific revenue recognition guidance and establishes a comprehensive principle-based approach for determining revenue recognition. The core principle of the guidance is that an entity must recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for providing those goods or services. ASC 606 also sets forth a five-step revenue recognition model to be applied consistently to all contracts with customers, except those that are within the scope of other topics in the ASC.

The Corporation adopted this update for the fiscal year beginning June 1, 2019, using a modified retrospective approach. Under this approach, the Corporation’s financial statements are prepared under the revised guidance for the year of adoption, but not for prior years, and the Corporation recognizes a cumulative adjustment to the opening balance of net assets for contracts that still require performance by the Corporation at the date of adoption. The Corporation performed an analysis of its program services revenue stream and evaluated the application of the portfolio approach as a practical expedient to group contracts with similar characteristics, such that revenue for a given portfolio would not be materially different than if it were evaluated on a contract by contract basis. The adoption of ASU 2014-09 on June 1, 2019 did not result in a material impact that required recognition of a cumulative adjustment of the opening net asset balance for contracts that still required performance at May 31, 2019.

The Corporation’s assessment of its contracts with customers under the new standard supports the recognition of revenue for performance obligations satisfied at a point in time when services are provided and the Corporation does not believe it is required to provide additional services to their customers, which is consistent with the Corporation’s historical revenue recognition practices for their program services.

*Grants and Contracts*

In June 2018, FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The Corporation has implemented the provisions of ASU 2018-08 applicable to contributions received in the accompanying financial statements using a modified retrospective approach. The adoption of ASU 2018-08 on June 1, 2019 did not result in a material impact that required recognition of a cumulative adjustment of the opening net asset balance for grants and contracts that were not completed at May 31, 2019.

**Recent Financial Accounting Pronouncements Not Yet Adopted**

*Leases*

In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*. Under this ASU, a lessee should recognize in the statement of financial position a lease liability and lease asset representing its right to use the underlying asset for the term of the lease for both finance and operating leases. An entity may make an accounting policy election not to recognize lease assets and lease liabilities for leases with a term of 12 months or less. Recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee have not changed significantly. Qualitative and quantitative disclosures are required by lessees and lessors to enable users of financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. The ASU is effective for fiscal periods beginning after December 15, 2021. Management has not yet determined the impact adoption of this ASU will have on the financial statements.

**Southern Kennebec Child Development Corporation**

**NOTES to FINANCIAL STATEMENTS**

**May 31, 2020 and 2019**

**NOTE 3 – LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Cash	\$365,434
Short-term investments – other	578,866
Accounts receivable	29,702
Grants receivable	279,702
	<u>\$1,253,704</u>

In the event of an unanticipated liquidity need, the Corporation also could draw upon funds available under its line of credit (as further discussed in Note 4). As of May 31, 2020, the amount available to draw under its line of credit was \$200,000.

**NOTE 4 – LINE OF CREDIT**

At May 31, 2020 and 2019, the Corporation had a line of credit with a maximum borrowing limit of \$200,000. There was no outstanding balance at May 31, 2020 and 2019. Interest is at the Wall Street Journal prime rate (3.25% and 5.50% at May 31, 2020 and 2019, respectively). The line of credit is unsecured and expires on July 1, 2021.

**NOTE 5 – OPERATING LEASES**

The Corporation has several operating leases expiring at various dates through March 2029 for program and administrative space. The leases contain renewal options and require certain monthly or annual installments. Future minimum lease payments are as follows for the years ending May 31:

2021	\$37,000
2022	1,000
2023	1,000
2024	1,000
2025	1,000

Rent expense was approximately \$78,000 for each year ended May 31, 2020 and 2019.

**NOTE 6 – RETIREMENT PLAN**

The Corporation sponsors a defined contribution plan, which covers employees who have attained age 18 and have completed one year, and 720 hours, of service with the Corporation. The Corporation contributes 4% of gross salaries on behalf of eligible employees. Effective January 1, 2019, any eligible employee contributing a minimum of 1% will receive an additional 1% contribution from the Corporation for a total of 5%. Pension expense for the years ended May 31, 2020 and 2019 was \$127,891 and \$114,274, respectively, and is included with employee benefits in the accompanying statements of functional expenses.

**NOTE 7 – COMMITMENTS AND CONTINGENCIES**

The Corporation participates in a number of federal and state grant programs, which are governed by various rules and regulations of the grantor agencies. These programs are subject to program compliance audits by the grantors and their representatives. Any disallowed costs may constitute a liability of the Corporation. The Corporation is also required to match 20% of the grant funds received from the Head Start program with local resources. The Corporation believes that it is in substantial compliance with all grant requirements, including those related to matching and disallowed costs, and any noncompliance, if any, would not be significant.

**Southern Kennebec Child Development Corporation**

**NOTES to FINANCIAL STATEMENTS**

**May 31, 2020 and 2019**

**NOTE 8 – UNCERTAINTY**

Management is currently evaluating the COVID-19 virus pandemic and while it is reasonably possible that the pandemic could have a negative effect on the Corporation's operations, financial position and cash flows, the specific impact is not readily determinable as of the date of these financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

SOUTHERN KENNEBEC CHILD DEVELOPMENT CORPORATION

STATEMENTS OF REVENUES AND EXPENSES BY PROGRAM

Year Ended May 31, 2020

	Child Education				Food			Child Care		GAAP Adjustments	Total Programs	Management and General	Total
	Federal Head Start	State Head Start	State Head Start	KVCAP	U.S.D.A Centers/Homes	U.S.D.A Centers/Homes	U.S.D.A Summer Feeding Program	Private Child Care	Other				
	01CHO10930-01-02 6/1/2019 - 5/31/2020	20-1409A 7/1/2019 - 6/30/2021	19-1409B 7/1/2018 - 6/30/2019	EHS/Childcare 8/19/2019 - 2/29/2020	20-469 10/1/2019 - 9/30/2020	19-469 10/1/2018 - 9/30/2019	19-469 6/18/2019 - 8/21/2019	Private Child Care	Other				
<b>Revenues and Other Support</b>													
Grant revenue	\$ 3,399,686	\$ 229,302	\$ 20,204	\$ 134,655	\$ 249,657	\$ 167,376	\$ 2,456	\$ 36,414	\$ 37,621	\$ -	\$ 4,277,371	\$ -	\$ 4,277,371
Program revenue and fees	-	-	-	-	-	-	-	639,078	2,612	-	641,690	20,525	641,690
In-kind revenue (1)	849,922	-	-	39,724	-	-	-	-	-	-	889,646	-	889,646
Interest income	-	-	-	-	-	-	-	-	-	-	13,159	-	13,159
Contributions	-	-	-	-	-	-	-	-	-	-	40,952	-	40,952
<b>Total Revenues and Other Support</b>	<b>4,249,608</b>	<b>229,302</b>	<b>20,204</b>	<b>174,379</b>	<b>249,657</b>	<b>167,376</b>	<b>2,456</b>	<b>675,492</b>	<b>94,344</b>	<b>-</b>	<b>5,862,818</b>	<b>-</b>	<b>5,862,818</b>
<b>Expenses</b>													
Salaries	2,065,124	145,161	13,694	84,905	9,793	22,692	907	430,005	15,736	-	2,788,017	251,841	3,039,858
Payroll taxes	167,812	11,796	1,113	6,900	919	2,068	85	40,882	1,574	-	233,149	20,525	253,674
Employee benefits	338,990	25,259	1,096	13,420	6,540	2,331	52	71,583	1,156	-	460,427	43,556	503,983
Contract services	30,647	2,082	171	1,229	-	-	-	-	2,868	-	36,997	-	36,997
In-kind expenses	849,922	-	-	39,724	-	-	-	-	-	-	889,646	-	889,646
Travel	25,537	1,328	125	777	560	400	21	3,935	200	-	32,883	3,523	36,406
Program supplies	58,355	5,172	488	5,025	-	-	228	15,320	14,472	-	99,060	15,218	114,278
Office equipment and supplies	6,709	439	42	257	810	836	-	1,301	-	-	10,394	8,695	19,089
Postage	957	68	7	40	368	-	-	199	-	-	1,639	1,309	2,948
Capitalized equipment and improvements	156,431	-	-	-	-	-	-	-	-	(156,431)	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-	-	-	59,087	59,087
Rent	33,589	2,279	215	1,333	1,573	1,227	-	6,753	-	-	46,969	31,528	78,497
Utilities	65,159	4,580	432	2,679	-	-	-	13,568	-	-	86,418	-	86,418
Telephone	5,079	1,413	133	827	155	-	-	4,186	-	-	11,793	6,752	18,545
Insurance and health services	13,722	953	90	557	1,403	-	-	2,823	-	-	19,548	22,873	42,421
Professional fees	4,625	-	-	-	-	-	-	-	-	-	4,625	12,021	16,646
Repairs and maintenance	71,975	6,287	593	3,677	542	-	-	18,623	2,345	-	104,042	1,188	105,230
Food	5,971	-	-	-	69,083	35,163	1,163	-	-	-	111,380	-	111,380
Provider reimbursements	-	-	-	-	147,335	94,788	-	-	-	-	242,123	-	242,123
Other expenses	14,545	332	31	194	920	126	-	984	2,057	-	19,189	-	19,189
Advertising	2,478	-	-	-	-	-	-	-	-	-	2,478	-	2,478
Training	25,646	790	75	462	-	-	-	2,340	-	-	29,313	3,332	32,645
	<b>3,943,273</b>	<b>207,939</b>	<b>18,305</b>	<b>162,006</b>	<b>240,001</b>	<b>159,631</b>	<b>2,456</b>	<b>612,502</b>	<b>40,408</b>	<b>(156,431)</b>	<b>5,230,090</b>	<b>481,448</b>	<b>5,711,538</b>
Allocation of Management and General Expenses	306,335	21,363	1,899	12,373	9,656	7,745	-	62,990	-	-	422,361	(422,361)	-
<b>Total Expenses</b>	<b>4,249,608</b>	<b>229,302</b>	<b>20,204</b>	<b>174,379</b>	<b>249,657</b>	<b>167,376</b>	<b>2,456</b>	<b>675,492</b>	<b>40,408</b>	<b>(156,431)</b>	<b>5,652,451</b>	<b>59,087</b>	<b>5,711,538</b>
<b>Changes in Net Assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 53,936</b>	<b>\$ 156,431</b>	<b>\$ 210,367</b>	<b>\$ (59,087)</b>	<b>\$ 151,280</b>

(1) In-kind revenue recorded on this schedule includes revenues recognized for non-professional volunteers totaling \$37,775. The value of the services is not recognized in the statements of activities or functional expenses since they do not meet the criteria for recognition under financial accounting standards. See Note 1 to the financial statements.

**SOUTHERN KENNEBEC CHILD DEVELOPMENT CORPORATION**

**STATEMENTS OF REVENUES AND EXPENSES BY PROGRAM**

Year Ended May 31, 2019

	Child Education			Food		Child Care		Other	GAAP Adjustments	Total Programs	Management and General	Total
	Federal	State	State	U.S.D.A	U.S.D.A	Private Child Care	Child Care Options					
	Head Start 01CH2916-05 6/1/2018 - 5/31/2019	Head Start 19-1409B 7/1/2018 - 6/30/2019	Head Start 17-1409A 7/1/2016 - 6/30/2018	Centers/Homes 19-469 10/1/2018 9/30/2019	Centers/Homes 18-469 10/1/2017 9/30/2018							
<b>Revenues and Other Support</b>												
Grant revenue	\$ 3,167,111	\$ 225,260	\$ 90,561	\$ 314,234	\$ 168,523	\$ 115,428	\$ -	\$ -	\$ -	\$ 4,081,117	\$ -	\$ 4,081,117
Program revenue and fees	-	-	-	-	-	565,076	2,010	30,409	-	597,495	-	597,495
In-kind revenue (1)	791,779	-	-	-	-	-	-	-	-	791,779	-	791,779
Interest income	-	-	-	-	-	-	-	8,903	-	8,903	-	8,903
Contributions	-	-	-	-	-	-	-	35,717	-	35,717	-	35,717
<b>Total Revenues and Other Support</b>	<b>3,958,890</b>	<b>225,260</b>	<b>90,561</b>	<b>314,234</b>	<b>168,523</b>	<b>680,504</b>	<b>2,010</b>	<b>75,029</b>	<b>-</b>	<b>5,515,011</b>	<b>-</b>	<b>5,515,011</b>
<b>Expenses</b>												
Salaries	1,835,514	137,932	55,635	14,761	16,662	418,464	784	-	-	2,479,752	272,797	2,752,549
Payroll taxes	155,945	11,718	4,726	1,346	1,908	35,552	131	-	-	211,326	23,343	234,669
Employee benefits	285,318	21,440	8,648	5,041	3,404	65,047	202	-	-	389,100	43,489	432,589
Contract services	38,330	775	70	-	-	-	835	9,384	-	49,394	-	49,394
In-kind expenses	791,779	-	-	-	-	-	-	-	-	791,779	-	791,779
Travel	27,748	1,575	641	822	578	4,708	-	25	-	36,097	3,852	39,949
Program supplies	64,432	5,995	2,417	-	-	18,180	-	-	-	91,024	17,932	108,956
Office equipment and supplies	8,759	802	324	969	1,011	2,441	5	-	-	14,311	13,082	27,393
Postage	649	59	24	444	-	181	-	-	-	1,357	913	2,270
Minor equipment and equipment rental	2,499	-	-	-	-	-	-	-	-	2,499	-	2,499
Capitalized equipment	73,516	-	-	-	-	-	-	-	(73,516)	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-	-	52,845	52,845
Rent	31,856	2,658	1,073	2,179	1,418	8,079	-	-	-	47,263	30,823	78,086
Utilities	72,292	5,297	2,136	-	-	16,063	-	-	-	95,788	-	95,788
Telephone	35,030	2,715	1,095	562	493	8,241	17	-	-	48,153	11,674	59,827
Insurance and health services	11,998	1,060	428	1,487	1,341	3,227	-	-	-	19,541	17,388	36,929
Professional fees	8,155	363	147	-	-	1,103	-	-	-	9,768	5,101	14,869
Repairs and maintenance	119,300	10,570	4,262	426	15	32,052	-	-	-	166,625	560	167,185
Food	11,059	-	-	93,904	32,889	-	-	871	-	138,723	-	138,723
Provider reimbursements	-	-	-	183,396	99,339	-	-	-	-	282,735	-	282,735
Other expenses	16,745	689	241	404	1,648	1,920	36	5,354	-	27,037	-	27,037
Advertising	3,728	-	-	-	-	-	-	-	-	3,728	-	3,728
Training	21,683	2,102	847	-	-	6,375	-	-	-	31,007	4,140	35,147
	<b>3,616,335</b>	<b>205,750</b>	<b>82,714</b>	<b>305,741</b>	<b>160,706</b>	<b>621,633</b>	<b>2,010</b>	<b>15,634</b>	<b>(73,516)</b>	<b>4,937,007</b>	<b>497,939</b>	<b>5,434,946</b>
Allocation of Management and General Expenses	342,555	19,510	7,847	8,493	7,817	58,871	-	-	-	445,093	(445,093)	-
<b>Total Expenses</b>	<b>3,958,890</b>	<b>225,260</b>	<b>90,561</b>	<b>314,234</b>	<b>168,523</b>	<b>680,504</b>	<b>2,010</b>	<b>15,634</b>	<b>(73,516)</b>	<b>5,382,100</b>	<b>52,846</b>	<b>5,434,946</b>
Changes in Net Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 59,395	\$ 73,516	\$ 132,911	\$ (52,846)	\$ 80,065

(1) In-kind revenue recorded on this schedule includes revenues recognized for non-professional volunteers totaling \$60,754. The value of the services is not recognized in the statements of activities or functional expenses since they do not meet the criteria for recognition under financial accounting standards. See Note 1 to the financial statements.