Teaching Tree
Early Childhood Learning Center

TEACHING TREE EARLY CHILDHOOD LEARNING CENTER

FINANCIAL STATEMENTS

For the Year Ended December 31, 2020
(With Comparative Totals for the Year Ended December 31, 2019)

TEACHING TREE EARLY CHILDHOOD LEARNING CENTER

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CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Teaching Tree Early Childhood Learning Center
Fort Collins, Colorado

We have audited the accompanying financial statements of Teaching Tree Early Childhood Learning Center, (a nonprofit corporation), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. The prior year summarized information has been derived from the December 31, 2019 financial statements and, in our report dated June 11, 2020, we expressed an unqualified opinion on those financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, as established by the Auditing Standards Board. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

1235 Riverside Ave
Fort Collins, CO 80524
(970) 692-5300
(970) 692-5301 (fax)
www.rlrcpas.com

Evans
(970) 304-9420

Cheyenne
(307) 631-5598

Opinion

In our opinion, the financial statements, referred to above present fairly, in all material respects, the financial position of Teaching Tree Early Childhood Learning Center, as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on pages 15-18 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

RLR, LLP

Fort Collins, Colorado
May 25, 2021

Joey Hoefler, CPA

Partner, Audit Department

Joey has 12 years of audit and accounting experience, including extensive experience with tax exempt organizations and Federal compliance auditing under OMB-133. He also works with small business clients in a variety of other industries including construction, financial institutions, energy, retail and franchising. Joey received both a Bachelor of Science Degree and a Master of Science Degree in Accountancy from the University of Wyoming. He is a member of the American Institute of Certified Public Accountants and attends more than 40 hours of continuing professional education in audit and accounting topics annually. Joey currently serves as a member on the Board of Directors for the Poudre River Library Trust (President), is the past Treasurer for the Board of Directors of Education and Life Training Center, and also coordinates the employee volunteer program for RLR, LLP. Joey was selected as one of the Northern Colorado Business Report's 40 Under Forty honorees for 2013.

TEACHING TREE EARLY CHILDHOOD LEARNING CENTER
STATEMENT OF FINANCIAL POSITION
December 31, 2020
(With Comparative Totals for the Year Ended December 31, 2019)

	2020	2019
ASSETS		
Current Assets		
Cash and cash equivalents	$ 784,386	$ 645,387
Investments	490,193	804,547
Accounts receivable, net of allowance for doubtful accounts of $1,500 (2020 and 2019)	11,854	35,078
Grants receivable	62,464	36,644
Unconditional promises to give	15,265	6,910
Prepaid expenses	7,532	19,541
Total current assets	1,371,694	1,548,107
Property and equipment, net	2,219,121	1,848,561
Total assets	$ 3,590,815	$ 3,396,668
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	$ 15,845	$ 241,820
Grant repayable, current portion (Note 8)	15,000	10,000
Line of credit	-	500
Payroll liabilities	50,744	21,538
Accrued compensated absences	67,681	28,058
Current portion of note payable	28,413	67,796
Deferred revenue	10,963	3,849
Total current liabilities	188,646	373,561
Grant repayable, net of current portion (Note 8)	40,000	30,000
Paycheck Protection Program loan (Note 9)	265,800	-
Note payable	254,372	254,372
Total liabilities	748,818	657,933
NET ASSETS		
Without donor restrictions		
Undesignated	960,661	1,252,342
Invested in property and equipment	1,881,336	1,486,393
Total net assets	2,841,997	2,738,735
Total liabilities and net assets	$ 3,590,815	$ 3,396,668

See accompanying notes to financial statements.

TEACHING TREE EARLY CHILDHOOD LEARNING CENTER
STATEMENT OF ACTIVITIES
Year Ended December 31, 2020
(With Comparative Totals for the Year Ended December 31, 2019)

	Without Donor Restrictions	With Donor Restrictions	2020	2019
Support and Revenue				
Grants and contributions	$ 671,653	$ -	$ 671,653	$ 338,708
Capital campaign contributions	-	68,674	68,674	689,125
Child care	1,842,556	-	1,842,556	1,595,202
Food service	61,098	-	61,098	58,893
Special events	55,817	-	55,817	77,801
Less: costs of direct benefit to donors	(1,206)	-	(1,206)	(11,797)
Investment income	35,646	-	35,646	63,558
Net assets released from restrictions	68,674	(68,674)	-	-
Total support and revenue	2,734,238	-	2,734,238	2,811,490
Expenses				
Program services	2,182,357	-	2,182,357	1,630,971
Support services:				
Management and general	311,715	-	311,715	191,675
Fundraising	136,904	-	136,904	152,068
Total expenses	2,630,976	-	2,630,976	1,974,714
Other Income (Expense)				
Other income	-	-	-	4,754
Loss on disposal	-	-	-	(217,500)
Total other (expense)	-	-	-	(212,746)
Change in Net Assets	103,262	-	103,262	624,030
Net Assets, Beginning of Year	2,738,735	-	2,738,735	2,114,705
Net Assets, End of Year	$ 2,841,997	$ -	$ 2,841,997	$ 2,738,735

See accompanying notes to financial statements

TEACHING TREE EARLY CHILDHOOD LEARNING CENTER
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2020
(With Comparative Totals for the Year Ended December 31, 2019)

	Program	Management and General	Fundraising	**2020 Total**	**2019 Total**
Bank fees	$ -	$ 29,937	$ -	$ 29,937	$ 13,613
Board expense	-	12	-	12	81
Classroom	39,987	-	-	39,987	33,438
Depreciation	109,232	14,385	4,321	127,938	46,756
Employee benefits	76,867	10,349	3,582	90,798	63,572
Equipment lease	10,664	1,111	275	12,050	12,784
Food service	93,909	-	-	93,909	80,179
Grant writer	-	-	19,828	19,828	24,104
Insurance	8,373	909	234	9,516	9,862
Interest	-	4,401	-	4,401	34
Janitorial expense	61,265	8,565	2,672	72,502	47,642
Occupancy	198,317	28,572	9,073	235,962	234,987
Office	16,187	1,798	18,976	36,961	31,117
Payroll taxes	100,769	13,510	4,693	118,972	89,129
Professional fees	3,732	7,464	3,731	14,927	20,457
Promotion	9,293	-	2,778	12,071	19,104
Property taxes	112	-	-	112	482
Repairs and maintenance	16,688	1,437	280	18,405	10,507
Salaries	1,409,113	186,457	65,472	1,661,042	1,208,871
Telephone	1,435	169	65	1,669	4,146
Third party administration	6,117	819	284	7,220	4,753
Training, meetings, and dues	5,649	-	-	5,649	4,907
Travel	876	-	-	876	2,087
Workers' compensation	13,772	1,820	640	16,232	12,102
Total expenses	$2,182,357	$ 311,715	$ 136,904	$2,630,976	$1,974,714

See accompanying notes to financial statements.

TEACHING TREE EARLY CHILDHOOD LEARNING CENTER
STATEMENT OF CASH FLOWS
Year Ended December 31, 2020
(With Comparative Totals for the Year Ended December 31, 2019)

	2020	2019
Cash Flows From Operating Activities		
Change in net assets	$ 103,262	$ 624,030
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	127,938	46,754
Change in market value of investments	(37,036)	(24,961)
Investment fees	1,989	2,707
Loss on land held for sale	-	217,500
Change in operating assets and liabilities:		
Accounts receivable	23,224	(24,998)
Grants receivable	(25,820)	(11,095)
Unconditional promises to give	(8,355)	119,883
Prepaid expenses	12,009	(10,268)
Accounts payable	(225,975)	210,123
Payroll liabilities	29,206	2,522
Accrued compensated absences	39,623	(402)
Property taxes payable	-	(1,253)
Deferred revenue	7,114	(4,413)
Net cash provided by operating activities	47,179	1,146,129
Cash Flows From Investing Activities		
Payments for property and equipment	(498,498)	(1,559,717)
Proceeds from sale of assets	-	2,520
Proceeds from sale of investments	350,000	-
Reinvestment of earnings in investments	(599)	(41,304)
Proceeds from sale of land held for sale	-	264,500
Net cash (used) by investing activities	(149,097)	(1,334,001)
Cash Flows From Financing Activities		
Advances of grant repayable	25,000	-
Payments on grant repayable	(10,000)	(10,000)
Payments on line of credit	(500)	-
Proceeds from Paycheck Protection Program loan	265,800	-
Proceeds from note payable	-	350,000
Payments on note payable	(39,383)	(27,832)
Net cash provided by financing activities	240,917	312,168
Net Change in Cash and Cash Equivalents	138,999	124,296
Cash and Cash Equivalents, Beginning of Year	645,387	521,091
Cash and Cash Equivalents, End of Year	$ 784,386	$ 645,387
Supplemental Disclosures of Non-Cash Operating Activities:		
Contributed goods and services	$ 180,228	$ 190,675
In-kind expenses	$ (180,228)	$ (190,675)

See notes to accompanying financial statements.

TEACHING TREE EARLY CHILDHOOD LEARNING CENTER

NOTES TO FINANCIAL STATEMENTS
December 31, 2020

Note 1. Summary of Significant Accounting Policies

Organization and Nature of Activities

Teaching Tree Early Childhood Learning Center (the Center), is a nonprofit corporation which provides affordable, quality early childhood and educational programs for families of all socio-economic and cultural backgrounds. These services are provided through the Center's two sites located in Fort Collins and Loveland, Colorado.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting. The significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

In accordance with accounting principles generally accepted in the United States of America (GAAP), the Center reports information regarding its financial position and activities according to the existence and nature of donor restriction in the following classes of net assets:

- Net Assets Without Donor Restrictions—Net assets that are not subject to or are no longer subject to donor-imposed stipulations.
- Net Assets With Donor Restrictions—Net assets for which use is limited by donor-imposed time and/or purpose restrictions. At December 31, 2020, there are no net assets with donor restrictions.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on the net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. The Center has adopted a policy to classify donor restricted contributions as net assets without donor restrictions to the extent that donor restrictions were met in the year the contribution was received.

Revenue Recognition

The Center recognizes revenues in the accounting period in which they are earned and become measurable, in accordance with Financial Accounting Standards Board (FASB) Topic 606, *Revenue from Contracts with Customers* and FASB Topic 958, *Not-for-Profit Entities*. Contributions received are recorded as without donor restrictions or with donor restrictions depending on the existence and nature of any donor restrictions. Net assets with donor restrictions are reclassified to net assets without donor restrictions upon satisfaction of the time and/or purpose restrictions. Child care tuition revenue is recognized as the Center provides the related care services. Deferred revenue represents tuition paid in advance of the child care to be provided. Grant revenue is recognized as earned revenue when funds are expended for allowable grant expenditures in accordance with funding guidelines. Unconditional promises to give are recognized as revenue in the period that pledges are received, and as assets, decreases in liabilities, or expenses depending on the form of the benefit received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Functional and Indirect Expense Allocation

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions. The expenses include compensation, occupancy, professional services and certain other expenses. Compensation and professional services are allocated based on management's estimate of the relative attention and effort exerted towards specific functional areas. Occupancy costs are allocated similarly to compensation, as occupancy costs relate to providing workspace for employees rather than specific functions.

Note 1. Summary of Significant Accounting Policies (continued)

Fair Value Measurements

Fair value is the price that would be received from the sale of an asset or settlement of a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities which are required to be recorded at fair value, the Center considers the principal or most advantageous market in which a hypothetical sale or transfer would take place and consider assumptions that market participants would use when pricing the asset or liability, such as inherent risk, transfer restrictions, and risk of non-performance.

The fair value hierarchy is made up of three levels of inputs which may be used to measure fair value: Level 1—observable inputs such as quoted prices for identical instruments in active markets; Level 2—observable inputs such as quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model derived valuations in which all significant inputs are observable in active markets; and Level 3—unobservable inputs for which there is little or no market data and which require us to develop our own assumptions. The Center categorizes fair value measurements within the fair value hierarchy based upon the lowest level of the most significant inputs used to determine such fair value measurement.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Center considers all unrestricted highly liquid investments with an original maturity of three months or less to be cash equivalents. The carrying value of cash and cash equivalents approximates their fair value because of the short-term maturities of these financial instruments.

The Center maintains cash balances on deposit at financial institutions. At times, cash balances at financial institutions may exceed federally insured limits guaranteed by the Federal Deposit Insurance Corporation. The Center has not experienced any losses in these accounts and does not believe it is exposed to any significant credit risk on these accounts.

Investments

Investments in marketable securities with readily determinable fair values are reported at their fair values in the statement of financial position. Investment income or loss (including gains and losses on investments, interest and dividends) is included in the statement of activities as an increase or decrease in net assets without donor restrictions unless the income or loss is restricted by donor or law.

Investments consist principally of publicly traded securities. Fair value of investments in securities is based on the last reported sales price at the date of the financial statements. The value initially assigned to investments received by gift is the market value at the date of donation using Level 1 inputs of the fair value hierarchy.

Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amounts reported in the financial statements. The fair value of investments in securities is based on the last reported sales price at December 31, 2020 using Level 1 inputs of the fair value hierarchy.

Donated Goods and Services

During the year ended December 31, 2020, the value of donated goods and services meeting the requirements for recognition in the financial statements was approximately $180,228. The goods and services are reflected in the financial statements at their estimated fair market values at the date of receipt using Level 3 inputs of the fair value hierarchy. Additionally, the Center receives a significant amount of donated services from unpaid volunteers in aspects of its programs. These hours are not recognized in the statement of activities because the criteria for recognition have not been satisfied.

Note 1. Summary of Significant Accounting Policies (continued)

Receivables

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable

Unconditional pledges receivable are recognized as revenues in the period the pledge is received. Conditional pledges receivable are recognized when the conditions on which they depend are substantially met.

Grants receivable are recognized based on the ratio of program expenses incurred to total anticipated program expenses.

Property and Equipment

Property and equipment are stated at cost or, if donated, at the approximate fair market value at the date of donation using Level 3 inputs of the fair value hierarchy. Donations of buildings and equipment are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. The Center's capitalization policy requires long-term assets acquired for $500 or more with a useful life of more than one year to be capitalized

Depreciation and amortization of buildings and equipment are provided on the straight-line method over the following estimated useful lives:

Building and improvements	10-40 years
Furniture and equipment	5-10 years

Impairment of Long-Lived Assets

The Center is required to test for asset impairment of long-lived assets whenever events or changes in circumstances indicate that the carrying value of an asset might not be recoverable. The Center analyzes assets for impairment when indicators of impairment are present. An impairment loss would be measured by comparing the amount by which the carrying value exceeds the fair value of the long-lived assets. The Center did not recognize an impairment of long-lived assets during the year ending December 31, 2020.

Compensated Absences

The Center's employees may accrue compensating time-off based on the length of service and subject to certain limitations regarding amounts that will be paid upon termination.

Income Taxes

The Center is a not-for-profit corporation and qualifies as a tax-exempt organization under Section 501(c) (3) of the Internal Revenue Code. Accordingly, no provision for income taxes is made in these financial statements.

The Center has adopted the recognition requirements for uncertainty in income taxes as required by ASC 740-10. The standard prescribes a comprehensive model for how an organization should recognize, measure, present and disclose in the financial statements uncertainty in income taxes the organization has taken or expects to take on a tax return. The Center's income tax filings are subject to audit by various taxing authorities.

In evaluating the Center's tax provisions and accruals, interpretations and tax planning strategies are considered. The Center believes their estimates are appropriate based on current facts and circumstances and have not recorded any reserves, or related accruals for interest and penalties for uncertainty in income taxes at December 31, 2020.

Note 1. Summary of Significant Accounting Policies (continued)

Advertising Costs

Advertising costs are expensed as incurred. Advertising expense for the year ended December 31, 2020 was $12,071.

Use of Estimates in the Preparation of Financial Statements

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

Subsequent Events

Management has evaluated subsequent events through May 25, 2021, the date on which the statements were available to be issued.

Note 2. Investments

Investments at December 31, 2020 are presented in the statements of financial position at fair value and composed of the following:

	Fair Value Measurement at Reporting Date		
Investments	Fair Value	Cost	Unrealized Gain
Mutual funds - equities	$ 488,916	$ 463,746	$ 25,170
Short term investments	1,277	1,277	-
	$ 490,193	465,023	$ 25,170

Income from investments is summarized as follows for the year ended December 31, 2020:

Interest and dividends	$ 599
Net realized and unrealized gains	37,036
Investment fees	(1,989)
	$ 35,646

Domestic corporate bonds, mutual funds and short term investments are valued at the net asset value of shares held by the Center at December 31, 2020, based on unadjusted quoted market prices for identical assets in active markets using Level 1 inputs of the fair value hierarchy. There have been no changes in the methodologies used at December 31, 2020.

Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amounts reported in the financial statements. The preceding methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future values. Furthermore, although the Center believes its valuation methods are appropriate and consistent, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Note 3. Unconditional Promises to Give

Unconditional promises to give expected to be collected within one year are recorded at estimated net realizable value. There was $15,265 in unconditional promises to give, all receivable in less than one year, at December 31, 2020. None of the unconditional promises to give are considered uncollectible.

Note 4. Facility Expansion

The Center believes access to affordable child care is critical to a strong economy and sets the foundation for a child's future educational success. The Center has identified the shortage of available, quality child care in Fort Collins as one of the city's greatest barriers to attracting and retaining the talent need to support employers in the community.

During the year ended December 31, 2018, the Center developed a plan to double the size of its existing center by expanding into available space in its current Fort Collins childcare center. The Center launched a capital campaign for the expansion in anticipation of securing additional space in the facility through the lease agreement executed in 2018 with the City, as disclosed in Note 6. The Center completed the expansion during the year ended December 31, 2020. Upon completion of the expansion, the center received its licensing for expanded childcare and additional classrooms.

Note 5. Property and Equipment

Property and equipment consisted of the following at December 31, 2020:

Land	$ 30,083
Building and improvements	548,941
Leasehold improvements	1,972,109
Furniture and equipment	261,815
	2,812,948
Less accumulated depreciation	(593,827)
	$ 2,219,121

Note 6. Leasing Arrangements

On December 31, 2018, the Center signed a 20 year lease agreement for the entire facility with the City commencing on January 1, 2019. The lease requires monthly rental payments of $50 per month during the lease term, which is considered to be less than fair market value for the facility. The agreement states the below-market rent is conditional on Center's use of the facility for providing child care and early childhood education, and requires at least 20% of the Center's enrollment on an annual basis to be reserved to support low-income families through substantially reduced tuition, tuition reimbursement, scholarship opportunities or similar programs. Should the Center default on this provision, the agreement states that below-market rent will become fair-market rent at the City's discretion. The agreement also requires the Center to make certain repairs to the facility, which the Center has satisfied as part of the facility remodel disclosed in Note 4. The Center has recorded $165,370 as in-kind contributed income and as additional rent expense to reflect the fair market rate of the lease, using Level 3 inputs of the fair value hierarchy.

On October 14, 2019, the Center executed a sublease agreement with La Cocina for occupancy of a portion of the facility. The initial term of the sublease was one year, requiring monthly payments to the Center of $1,200. The agreement included annual options for La Cocina to renew the sublease. La Cocina also had the option to terminate the sublease at any time with 30 days written notice. The agreement was terminated during the year ended December 31, 2020.

Note 6. Leasing Arrangements (continued)

During the year ended December 31, 2020, the Center entered into a sublease agreement with an unrelated third party non-profit organization for occupancy of a portion of the facility. The agreement requires monthly payments to the Center of $1,500 beginning in November 2020 through October 2025. Upon completion of the initial one-year term of the agreement, the monthly rental payment will be mutually revised to reflect the third party's share of actual costs of utilities and expenses.

The Center leases equipment under a lease agreement requiring monthly payments of $827 through November 2024.

Total rent and equipment lease expense, netted against sublease income, was $177,419 for the year ended December 31, 2020. Future minimum lease payments are as follows:

Year Ending December 31,	
2021	$ 10,525
2022	10,525
2023	10,525
2024	9,698
2025	600
Thereafter	8,400
	$ 50,273

Note 7. Grants Repayable

During the year ended December 31, 2018, the Center received a grant in the amount of $50,000 to be used for it's facility expansion. The Center is required to repay the grant in five annual payments of $10,000, without interest, beginning December 1, 2019. The outstanding balance of the grant repayable was $30,000 at December 31, 2020.

During the year ended December 31, 2020, the Center received an additional grant in the amount of $25,000 to be used for the completion of the facility expansion. The Center is required to repay the grant in five annual payments of $5,000, without interest, beginning in December 2021. The outstanding balances of the grant repayable was $25,000 at December 31, 2020.

Note 8. Line of Credit

The Center has a $50,000 line of credit, carrying interest at 4.75% and requiring monthly interest payments until maturity in July 2022, at which time all outstanding principal and interest is due. The line of credit had no outstanding balance at December 31, 2020.

Note 9. Paycheck Protection Program Loan and Subsequent Event

During the year ended December 31, 2020, the Center received funds from the Federal Paycheck Protection Program (PPP) through the CARES Act in the amount of $265,800. The Act provided initial funds as an unsecured loan agreement that bears interest of 1% per year. The Center has elected to treat the funds as debt in accordance with ASC 958-470, *Not-for-Profit Entities-Debt*. Subsequent to December 31, 2020, the Center received forgiveness of the entire loan balance from the Small Business Administration and the financial institution.

Note 10. Notes Payable

During the year ended December 31, 2019, the Center entered into a note payable with the Community Foundation of Northern Colorado to finance the facility remodel as disclosed in Note 4, in the amount of $350,000. The note bears 2% interest and requires monthly payments of $6,135 of principal and interest through July 2024. During the year ended December 31, 2020, the agreement terms were amended to require monthly payments of interest only through June 2021, with monthly payments of $6,135 of principal and interest resuming in July 2021 through July 2025, at which time all outstanding principal and interest are due. The note is secured by real estate owned by the Center. The outstanding balance remaining at December 31, 2020 is $282,785.

Maturities of notes payable are due during the following years ending December 31:

Year Ending December 31,	
2020	$ 28,413
2021	69,165
2022	70,561
2023	71,985
2024	42,661
	$ 282,785

Note 11. Concentrations of Revenue

The Center receives a substantial amount of its support from the State of Colorado and Larimer County. If a significant reduction in the level of this support were to occur, it could have an adverse effect on the Center's activities.

Note 12. Use of Property

Per a licensing agreement with Allnutt Funeral Services, Inc., the Center has the use of property adjacent to the Loveland site for use as a playground. The Center must maintain the property and purchase liability insurance covering its use per the agreement. No in-kind contribution has been recorded for this use.

Note 13. Liquidity and Availability of Financial Assets

The Center monitors its liquidity so that it is able to meet its operating needs and other commitments while maximizing the investment of its excess operating cash. The Center has the following financial assets that could readily be made available within one year of the statement of financial position to fund expenses without limitations at December 31, 2020:

Cash and cash equivalents	$ 784,386
Investments	490,193
Accounts receivable, net	11,854
Grants receivable	62,464
Unconditional promises to give	15,265
	$ 1,364,162

In addition to financial assets available to meet general expenditures over the year, the Center operates with a balanced budget and anticipates covering its general expenditures by collecting sufficient revenues and utilizing resources from current and prior years gifts. The statement of cash flows identifies the sources and uses of the Organization's cash and cash equivalents and presents net cash provided by operations of $47,179 for the year ended December 31, 2020.

Note 14. Trends and Uncertainties

In 2020 and 2021, domestic and international economies face uncertainty related to the impact of the COVID-19 disease. The Center may be adversely affected through lack of employee availability, interruptions in operations, inability to serve program participants, volatility in investment markets, and decreases in revenue. Management is currently evaluating the impact it will have on future operations.

SUPPLEMENTARY INFORMATION

TEACHING TREE EARLY CHILDHOOD LEARNING CENTER
SCHEDULE OF ACTIVITIES - FORT COLLINS LOCATION
Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Grants and Contributions	$ 507,382	$ -	$ 507,382
Capital campaign	-	68,674	68,674
Child care	1,472,161	-	1,472,161
Food Service	43,054	-	43,054
Special events	54,840	-	54,840
Less: costs of direct benefit to donors	(1,206)	-	(1,206)
Investment income	17,823	-	17,823
Net assets released from restrictions	68,674	(68,674)	-
Total support and revenue	2,162,728	-	2,162,728
Expenses			
Program services	1,709,380	-	1,709,380
Support services:			
Management and general	264,853	-	264,853
Fundraising	106,390	-	106,390
Total expenses	2,080,623	-	2,080,623
Other Income (Expense)			
Other income	-	-	-
Loss on disposal	-	-	-
Total other (expense)	-	-	-
Change in Net Assets	82,105	-	82,105
Net Assets, Beginning of Year	1,924,949	-	1,924,949
Net Assets, End of Year	$ 2,007,054	$ -	$ 2,007,054

TEACHING TREE EARLY CHILDHOOD LEARNING CENTER
SCHEDULE OF FUNCTIONAL EXPENSES - FORT COLLINS LOCATION
Year Ended December 31, 2020

	Program	Management and General	Fundraising	Total
Bank fees	$ -	$ 24,496	$ -	$ 24,496
Board expense	-	6	-	6
Classroom	38,457	-	-	38,457
Depreciation	91,167	13,434	4,321	108,922
Employee benefits	60,497	8,915	2,867	72,279
Equipment lease	5,798	855	275	6,928
Food service	79,903	-	-	79,903
Grant writer	-	-	9,914	9,914
Insurance	4,947	729	234	5,910
Interest	-	4,401	-	4,401
Janitorial expense	56,375	8,307	2,672	67,354
Occupancy	191,440	28,210	9,073	228,723
Office	13,369	1,485	18,976	33,830
Payroll taxes	78,368	11,548	3,714	93,630
Professional fees	1,942	3,883	1,941	7,766
Promotion	6,772	-	1,403	8,175
Property taxes	56	-	-	56
Repairs and maintenance	5,899	869	280	7,048
Salaries	1,054,553	155,397	49,976	1,259,926
Telephone	727	107	34	868
Third party administration	4,734	698	224	5,656
Training, meetings, and dues	3,569	-	-	3,569
Travel	543	-	-	543
Workers' compensation	10,264	1,513	486	12,263
Total expenses	$ 1,709,380	$ 264,853	$ 106,390	$ 2,080,623

See accompanying independent auditors' report.

TEACHING TREE EARLY CHILDHOOD LEARNING CENTER
SCHEDULE OF ACTIVITIES - LOVELAND LOCATION
Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Grants and Contributions	$ 164,271	$ -	$ 164,271
Child care	370,395	-	370,395
Food Service	18,044	-	18,044
Special events	977	-	977
Investment income	17,823	-	17,823
Net assets released from restrictions	-	-	-
Total support and revenue	571,510	-	571,510
Expenses			
Program services	472,977	-	472,977
Support services:			
Management and general	46,862	-	46,862
Fundraising	30,514	-	30,514
Total expenses	550,353	-	550,353
Change in Net Assets	21,157	-	21,157
Net Assets, Beginning of Year	813,786	-	813,786
Net Assets, End of Year	$ 834,943	$ -	$ 834,943

See accompanying independent auditors' report.

TEACHING TREE EARLY CHILDHOOD LEARNING CENTER
SCHEDULE OF FUNCTIONAL EXPENSES - LOVELAND LOCATION
Year Ended December 31, 2020

	Program	Management and General	Fundraising	Total
Bank fees	$ -	$ 5,441	$ -	$ 5,441
Board expense	-	6	-	6
Classroom	1,530	-	-	1,530
Depreciation	18,065	951	-	19,016
Employee benefits	16,370	1,434	715	18,519
Equipment lease	4,866	256	-	5,122
Food service	14,006	-	-	14,006
Grant writer	-	-	9,914	9,914
Insurance	3,426	180	-	3,606
Janitorial expense	4,890	258	-	5,148
Occupancy	6,877	362	-	7,239
Office	2,818	313	-	3,131
Payroll taxes	22,401	1,962	979	25,342
Professional fees	1,790	3,581	1,790	7,161
Promotion	2,521	-	1,375	3,896
Property taxes	56	-	-	56
Repairs and maintenance	10,789	568	-	11,357
Salaries	354,560	31,060	15,496	401,116
Telephone	708	62	31	801
Third party administration	1,383	121	60	1,564
Training, meetings, and dues	2,080	-	-	2,080
Travel	333	-	-	333
Workers' compensation	3,508	307	154	3,969
Total expenses	$ 472,977	$ 46,862	$ 30,514	$ 550,353