

**CHILD DAY CARE ASSOCIATION OF ST. LOUIS
D/B/A UNITED 4 CHILDREN
(A NONPROFIT ORGANIZATION)**

**FINANCIAL STATEMENTS,
SUPPLEMENTAL INFORMATION
AND INDEPENDENT AUDITORS' REPORT
WITH ACCOMPANYING SINGLE AUDIT AND
UNIFORM GUIDANCE REPORTS
FOR THE
YEARS ENDED DECEMBER 31, 2016 AND 2015**

Child Day Care Association of St. Louis
d/b/a United 4 Children

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Child Day Care Association of St. Louis
d/b/a United 4 Children
St. Louis, Missouri

Report on the Financial Statements

We have audited the accompanying financial statements of Child Day Care Association of St. Louis d/b/a United 4 Children (a nonprofit organization), which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United 4 Children as of December 31, 2016 and 2015, 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 audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 2017, on our consideration of United 4 Children'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 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 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 United 4 Children's internal control over financial reporting and compliance.



St. Louis, Missouri
June 14, 2017

FINANCIAL STATEMENTS

Child Day Care Association of St. Louis
d/b/a United 4 Children
STATEMENTS OF FINANCIAL POSITION - ASSETS
December 31, 2016 and 2015

	December 31,	
	2016	2015
CURRENT ASSETS		
Cash and cash equivalents	\$ 864,188	\$ 447,575
Accounts receivable	398,962	525,375
United Way receivable	174,965	174,965
Prepaid expenses	26,551	23,965
Deposits	10,230	7,230
Total Current Assets	1,474,896	1,179,110
FURNITURE AND EQUIPMENT		
Leasehold improvements	5,179	5,179
Office furniture and computer equipment	52,376	52,376
	57,555	57,555
Accumulated depreciation	53,142	50,671
Total Furniture and Equipment, Net	4,413	6,884
Total Assets	\$ 1,479,309	\$ 1,185,994
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Due to child care providers	\$ 333,428	\$ 341,739
Other payables	69,075	47,546
Accrued liabilities	113,813	96,091
Deferred revenue	344,319	137,793
Total Current Liabilities	860,635	623,169
NET ASSETS		
Unrestricted	443,709	383,160
Temporarily restricted	174,965	179,665
Total Net Assets	618,674	562,825
Total Liabilities and Net Assets	\$ 1,479,309	\$ 1,185,994

See accompanying notes to financial statements

Child Day Care Association of St. Louis
d/b/a United 4 Children
STATEMENTS OF ACTIVITIES
December 31, 2016 and 2015

	Year Ended December 31, 2016		
	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE			
Agency fees:			
Amounts received or receivable	\$ 4,650,117	\$ -	\$ 4,650,117
Less: Amounts remitted or payable to others	<u>4,116,759</u>	<u>-</u>	<u>4,116,759</u>
Net Agency Fees	533,358	-	533,358
United Way:			
Annual allocation	-	174,965	174,965
Government grants	349,903	-	349,903
Contributions	26,025	-	26,025
Program service fees	86,965	-	86,965
Foundation and corporate grants	1,266,689	-	1,266,689
Fundraising events, net of expenses of \$30,121 and \$22,175 at December 31, 2016 and 2015, respectively	97,490	-	97,490
Net assets released from restrictions:			
Satisfaction of time restrictions	<u>179,665</u>	<u>(179,665)</u>	<u>-</u>
Total Support and Revenue	<u>2,540,095</u>	<u>(4,700)</u>	<u>2,535,395</u>
EXPENSES			
Program Services	2,181,039	-	2,181,039
Supporting Services:			
Management and general	213,483	-	213,483
Fundraising	<u>85,024</u>	<u>-</u>	<u>85,024</u>
Total Expenses	<u>2,479,546</u>	<u>-</u>	<u>2,479,546</u>
CHANGE IN NET ASSETS	60,549	(4,700)	55,849
NET ASSETS, Beginning of year	<u>383,160</u>	<u>179,665</u>	<u>562,825</u>
NET ASSETS, End of year	<u>\$ 443,709</u>	<u>\$ 174,965</u>	<u>\$ 618,674</u>

See accompanying notes to financial statements

Year Ended December 31, 2015

Unrestricted	Temporarily Restricted	Total
\$ 4,669,847	\$ -	\$ 4,669,847
<u>4,108,251</u>	<u>-</u>	<u>4,108,251</u>
561,596	-	561,596
-	179,665	179,665
358,994	-	358,994
20,616	-	20,616
79,350	-	79,350
1,216,902	-	1,216,902
78,943	-	78,943
<u>196,541</u>	<u>(196,541)</u>	<u>-</u>
<u>2,512,942</u>	<u>(16,876)</u>	<u>2,496,066</u>
2,131,490	-	2,131,490
198,688	-	198,688
<u>80,386</u>	<u>-</u>	<u>80,386</u>
<u>2,410,564</u>	<u>-</u>	<u>2,410,564</u>
102,378	(16,876)	85,502
<u>280,782</u>	<u>196,541</u>	<u>477,323</u>
<u>\$ 383,160</u>	<u>\$ 179,665</u>	<u>\$ 562,825</u>

Child Day Care Association of St. Louis
d/b/a United 4 Children
STATEMENT OF FUNCTIONAL EXPENSES
December 31, 2016 and 2015

	Program Services				Supporting Services			Total
	Child Nutrition Services - Missouri	Child Nutrition Services - Illinois	Inclusion Services	Quality Improvement Services	Total Program Services	Management and General	Fund- Raising	
EXPENSES								
Salaries and consultants	\$ 191,440	\$ 150,256	\$ 246,650	\$ 522,877	\$ 1,111,223	\$ 163,857	\$ 64,820	\$ 1,339,900
Payroll taxes	17,128	14,015	8,081	46,467	85,691	13,110	5,560	104,361
Employee benefits	13,939	7,467	6,839	58,898	87,143	10,275	4,808	102,226
Assistance to individuals	-	-	-	432,716	432,716	-	-	432,716
Occupancy	16,043	13,361	7,213	75,678	112,295	1,420	3,978	117,693
Office equipment	8,078	6,240	10,166	44,652	69,136	2,194	1,854	73,184
Travel	18,017	12,950	24,494	11,280	66,741	3,086	10	69,837
Professional fees	12,550	7,318	5,450	27,965	53,283	12,713	747	66,743
Conferences and meetings	14,117	1,540	8,324	36,099	60,080	2,803	716	63,599
Supplies	2,442	1,729	2,695	41,559	48,425	-	1,129	49,554
Printing and publications	5,245	6,496	2,152	665	14,558	525	73	15,156
Telephone	1,954	1,854	3,306	6,605	13,719	124	486	14,329
Postage and shipping	5,230	3,534	666	796	10,226	508	282	11,016
Insurance	2,140	1,782	962	6,357	11,241	137	534	11,912
Miscellaneous	2,226	918	133	691	3,968	30	27	4,025
Depreciation	-	-	-	-	-	2,471	-	2,471
Membership dues	75	195	-	324	594	230	-	824
Total Expenses	<u>\$ 310,624</u>	<u>\$ 229,655</u>	<u>\$ 327,131</u>	<u>\$ 1,313,629</u>	<u>\$ 2,181,039</u>	<u>\$ 213,483</u>	<u>\$ 85,024</u>	<u>\$ 2,479,546</u>

See accompanying notes to financial statements

Child Day Care Association of St. Louis
d/b/a United 4 Children
STATEMENT OF FUNCTIONAL EXPENSES (continued)
December 31, 2016 and 2015

	Program Services				Supporting Services			Total
	Child Nutrition Services - Missouri	Child Nutrition Services - Illinois	Inclusion Services	Quality Improvement Services	Total Program Services	Management and General	Fund-Raising	
EXPENSES								
Salaries and consultants	\$ 188,955	\$ 159,701	\$ 242,872	\$ 511,689	\$ 1,103,217	\$ 154,704	\$ 65,151	\$ 1,323,072
Payroll taxes	17,061	15,335	8,373	46,627	87,396	12,688	2,062	102,146
Employee benefits	13,491	5,653	7,683	43,784	70,611	13,050	1,110	84,771
Assistance to individuals	-	-	-	391,955	391,955	-	-	391,955
Occupancy	16,070	13,733	7,182	56,389	93,374	2,078	4,002	99,454
Office equipment	6,867	5,627	3,342	43,522	59,358	250	979	60,587
Travel	17,619	15,101	26,026	17,873	76,619	348	106	77,073
Professional fees	12,519	7,653	7,152	23,314	50,638	4,671	4,484	59,793
Conferences and meetings	11,523	277	14,408	35,756	61,964	4,584	515	67,063
Supplies	2,560	3,198	10,120	56,619	72,497	1,170	768	74,435
Printing and publications	9,917	8,301	3,487	1,919	23,624	1,082	-	24,706
Telephone	1,930	1,840	2,947	5,006	11,723	120	478	12,321
Postage and shipping	6,187	5,514	2,701	724	15,126	312	162	15,600
Insurance	1,987	1,677	889	5,037	9,590	919	492	11,001
Miscellaneous	1,795	907	116	330	3,148	-	77	3,225
Depreciation	-	-	-	-	-	2,471	-	2,471
Membership dues	50	165	115	320	650	241	-	891
Total Expenses	<u>\$ 308,531</u>	<u>\$ 244,682</u>	<u>\$ 337,413</u>	<u>\$ 1,240,864</u>	<u>\$ 2,131,490</u>	<u>\$ 198,688</u>	<u>\$ 80,386</u>	<u>\$ 2,410,564</u>

See accompanying notes to financial statements

Child Day Care Association of St. Louis
d/b/a United 4 Children
STATEMENTS OF CASH FLOWS
December 31, 2016 and 2015

	Year Ended December 31,	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 55,849	\$ 85,502
Adjustments to reconcile change in net assets to net change in cash from operating activities:		
Depreciation	2,471	2,471
(Increase) decrease in assets:		
Accounts receivable	126,413	(107,166)
United way receivable	-	21,576
Prepaid expenses	(2,586)	(11,594)
Deposits	(3,000)	-
Increase (decrease) in liabilities:		
Due to child care providers	(8,311)	31,391
Other payables	21,529	16,476
Accrued liabilities	17,722	20,809
Deferred revenue	206,526	(22,992)
	416,613	36,473
NET CHANGE IN CASH AND CASH EQUIVALENTS		
CASH AND CASH EQUIVALENTS, Beginning of year	447,575	411,102
CASH AND CASH EQUIVALENTS, End of year	\$ 864,188	\$ 447,575
 SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for:		
Income taxes	\$ -	\$ -
Interest	\$ -	\$ -

See accompanying notes to financial statements

Child Day Care Association of St. Louis
d/b/a United 4 Children
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

A. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organization

Child Day Care Association of St. Louis d/b/a United 4 Children (“United 4 Children”) is a nonprofit organization formed in 1969. United 4 Children’s mission is to improve quality and accessibility to services for children and youth by empowering and inspiring families, professionals and the community. United 4 Children is involved in a wide range of activities related to child care and after school programming, including supporting providers through training, technical assistance, consultation, and assessment; supporting child nutrition programs throughout the bi-state area; supporting families through its resource and referral service, disabilities inclusion programs, and consultation; and various other programs.

Method of Accounting

The financial statements of United 4 Children have been prepared on the accrual basis of accounting.

Revenue Recognition

Contributions are recognized when the donor makes a promise to give to United 4 Children that is, in substance, unconditional. Donor-restricted contributions are reported as increases in temporarily restricted net assets. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Deferred Revenue

Income from membership dues and program service fees are deferred and recognized over the periods to which the dues and fees relate. The organization also is the recipient of several cost reimbursement grants. Revenue is recognized as the specified costs described in the grant are incurred. Amounts collected in advance of incurring specified costs are reflected as deferred revenue.

Financial Instruments

The carrying amount of cash, receivables, prepaid expenses, deposits, due to child care providers, other payables, accrued liabilities, and deferred revenue approximates fair value due to the short-term maturities of these instruments.

Child Day Care Association of St. Louis
d/b/a United 4 Children
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015
(Continued)

A. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from balances outstanding at year end. Accounts receivable are recognized as revenue in the period earned. The organization considers accounts receivable at December 31, 2016 and 2015, to be fully collectible; accordingly, no allowance for doubtful accounts is required.

Furniture and Equipment

Furniture and equipment are stated at cost. Depreciation is computed on a straight-line basis over the assets' estimated useful lives ranging from three to seven years. Expenditures for repairs and maintenance are charged to operations while renewals and betterments are capitalized.

Donations of furniture and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose.

Expense Allocation

The cost of providing various programs and other activities has been summarized on a functional basis in the Statements of Activities and in the Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Cash and Cash Equivalents

United 4 Children considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents. United 4 Children maintains cash deposits and other investment accounts which at times may exceed the federally insured limits of up to \$250,000 for each account. United 4 Children has not experienced and does not anticipate any losses in such accounts.

Income Taxes

United 4 Children qualifies as a not-for-profit organization and is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. United 4 Children does not have unrelated business income, excise taxes, or activities that would threaten United 4 Children's tax-exempt status. Accordingly, no provision for federal or state income taxes is provided. United 4 Children files an information return, IRS Form 990.

Child Day Care Association of St. Louis
d/b/a United 4 Children
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015
(Continued)

A. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Income Taxes (Continued)

United 4 Children's tax returns for tax years 2013 and later remain subject to examination by taxing authorities, generally for three years after they are filed. United 4 Children adopted the provisions relating to Accounting for Uncertainty in Income Taxes and management is not aware of any uncertain tax positions of United 4 Children related to the tax filings.

Reclassification

Certain prior year amounts have been reclassified to conform to current year presentation.

Subsequent Events

In preparing these financial statements, United 4 Children has evaluated subsequent events and transactions for potential disclosure through June 14, 2017, the date the financial statements were available to be issued.

B. **AGREEMENTS AND CONTRACTS**

United Way of Greater St. Louis Allocation

United 4 Children receives a monetary allocation from the United Way of Greater St. Louis to support the organization in improving the quality and accessibility of services to children and youth by empowering and inspiring families, professionals, and the community.

St. Louis Mental Health Board Contracts

United 4 Children receives contract payments to implement two programs. The Social Emotional Early Childhood Competencies program teaches classroom teachers strategies to address challenging behaviors in preschool environments. The Non-Public Afterschool Project provides training and on-site coaching to promote program quality improvement and staff professional development.

Beyond Housing - 24:1 Initiative

United 4 Children receives contract payments to implement Programs Achieving Quality in the Normandy area, which provides training and on-site coaching to promote program quality improvement and staff professional development in early childcare settings.

Child Day Care Association of St. Louis
d/b/a United 4 Children
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015
(Continued)

B. **AGREEMENTS AND CONTRACTS** *(Continued)*

Beyond Housing – 24:1 Early Childhood Learning Center

United 4 Children receives contract payments to provide high quality preschool education to children who are currently not enrolled in preschool or daycare in the Normandy Collaborative School District with the overarching goal of bridging the educational gap by improving kindergarten readiness.

Missouri Department of Health and Senior Services

United 4 Children receives contract payments to implement Inclusion Referral and Training for early childhood programs. Inclusion Specialists work with teachers and parents to address a spectrum of special needs, develop best practices for inclusive care, and conduct trainings, improving the quality and availability of inclusive care throughout the state of Missouri.

Other Programs

United 4 Children has contracts with various other organizations and entities for quality improvement services consisting of Program Assessment, Technical Assistance, Coaching/Consultation, and Training for early childhood and afterschool programs.

Child and Adult Care Food Program Contracts

United 4 Children is a sponsoring agency, through contracts with the Missouri Department of Health and Senior Services and the Illinois State Board of Education, for the Child and Adult Care Food Program of the United States Department of Agriculture (“USDA”). This program encourages good nutrition by educating home day care providers and reimbursing them for meals served to children in their care. United 4 Children is reimbursed for its program management and administrative expenses by the USDA.

Child Day Care Association of St. Louis
d/b/a United 4 Children
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015
(Continued)

B. AGREEMENTS AND CONTRACTS (Continued)

Agent Activity

In connection with its Child and Adult Care Food Program Contracts, United 4 Children serves as an agent in disbursing funds to various day care providers and retains an administrative fee for processing these funds. Amounts related to receiving and processing these transactions during the years ended December 31, 2016 and 2015 were as follows:

	2016	2015
Amounts received and receivable from:		
U.S. Department of Agriculture		
Passed through Missouri	\$2,989,696	\$2,916,153
Passed through Illinois	1,660,421	1,753,694
	4,650,117	4,669,847
Amounts remitted to or payable to others from:		
U.S. Department of Agriculture		
Passed through Missouri	2,686,044	2,598,867
Passed through Illinois	1,430,715	1,509,384
	4,116,759	4,108,251
Net Agency Fees	\$ 533,358	\$ 561,596

C. FURNITURE AND EQUIPMENT

Furniture and equipment consists of the following:

	December 31,	
	2016	2015
Leasehold improvements	\$ 5,179	\$ 5,179
Office furniture and computer equipment	52,376	52,376
	57,555	57,555
Less accumulated depreciation	(53,142)	(50,671)
Total Furniture and Equipment, Net	\$ 4,413	\$ 6,884

Depreciation expense was \$2,471 and \$2,471 for the years ended December 31, 2016 and 2015, respectively.

Child Day Care Association of St. Louis
d/b/a United 4 Children
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015
(Continued)

D. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	December 31,	
	2016	2015
Subsequent year United Way allocation	\$174,965	\$179,665

E. OPERATING LEASES

In December 2012, United 4 Children executed a lease agreement for office space in St. Louis which expires December 31, 2017 and contains a renewal option for an additional five year term. In August 2015, United 4 Children executed a lease agreement in the City of Wellston to operate the Early Childhood Learning Center which expires in July 2017. Rent expense for these agreements was \$100,200 and \$79,364 for the years ended December 31, 2016 and 2015, respectively.

United 4 Children also leases office equipment under several operating leases that expire at various dates between 2016 and 2019. Expense for office equipment leases was \$36,887 and \$32,129 for the years ended December 31, 2016 and 2015, respectively.

The future minimum lease payments required under these non-cancellable leases, as of December 31, 2016, are as follows:

<u>Year Ending December 31,</u>	
2017	113,039
2018	25,146
2019	<u>19,040</u>
	<u><u>\$157,225</u></u>

F. EMPLOYEE RETIREMENT PLAN

United 4 Children employees aged 21 and older are eligible to make voluntary salary reduction contributions into a 401(k) plan administered by the organization. Prior to a January 2010 amendment removing employer base contributions, all employees aged 21 or older with at least one year of service (minimum of 1,000 hours worked) were additionally entitled to employer contributions equal to 4% of their base salaries. Employees are always 100% vested in their own salary reduction contributions. Employees become vested in employer contributions as follows: 20% after two years of service, 50% after three years of service, 60% after four years of service, and fully vested after five years of service.

**SUPPLEMENTAL
INFORMATION**

Child Day Care Association of St. Louis
d/b/a United 4 Children
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
December 31, 2016 and 2015

Federal Grantor/ Pass-through Grantor/ Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditure
<u>United States Department of Agriculture</u>			
Passed through Missouri Department of Health and Senior Services			
Child and Adult Care Food Program	10.558	ERS46110041	\$2,989,696*
Passed through Illinois State Board of Education			
Child and Adult Care Food Program	10.558	41057038P00	<u>1,660,421*</u>
Total United States Department of Agriculture			4,650,117
<u>United States Department of Health and Human Services</u>			
Passed through Missouri Department of Health and Senior Services			
Maternal and Child Health Services Block Grant to the States	93.994	C313040001	<u>349,903</u>
Total Expenditures of Federal Awards			<u>\$5,000,020</u>

*Denotes major program

Child Day Care Association of St. Louis
d/b/a United 4 Children
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
December 31, 2016 and 2015

A. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Child Day Care Association of St. Louis d/b/a United 4 Children under programs of the federal program for the year ended December 31, 2016. The information in this Schedule is presented 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). Because the Schedule presents only a selected portion of the operations of United 4 Children, it is not intended to and does not present the financial position, changes in net position, or cash flows of United 4 Children.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

C. OTHER UNIFORM GUIDANCE INFORMATION

For the year ended December 31, 2016, United 4 Children had no expenditures in the form of noncash assistance, no sub-recipients, no federally provided insurance in effect, and no loans or loan guarantees outstanding.

**ADDITIONAL
INDEPENDENT
AUDITORS'
REPORTS**



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors
Child Day Care Association of St. Louis
d/b/a United 4 Children
St. Louis, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States the financial statements of Child Day Care Association of St. Louis d/b/a United 4 Children (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 14, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered United 4 Children'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 United 4 Children's internal control. Accordingly, we do not express an opinion on the effectiveness of the United 4 Children's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether United 4 Children's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



St. Louis, Missouri

June 14, 2017



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors
Child Day Care Association of St. Louis
d/b/a United 4 Children
St. Louis, Missouri

Report on Compliance for Each Major Federal Program

We have audited Child Day Care Association of St. Louis d/b/a United 4 Children's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of United 4 Children's major federal programs for the year ended December 31, 2016. United 4 Children's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of United 4 Children'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 United 4 Children'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 United 4 Children's compliance.

Opinion on Each Major Federal Program

In our opinion, United 4 Children 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 December 31, 2016.

Report on Internal Control over Compliance

Management of United 4 Children 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 United 4 Children'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 United 4 Children'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 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.



St. Louis, Missouri

June 14, 2017

Child Day Care Association of St. Louis
d/b/a United 4 Children
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
December 31, 2016 and 2015

- (1) Summary of Auditors' Results
 - (1) The type of report issued on the financial statements: **unmodified opinion**
 - (2) Significant deficiencies in internal control were disclosed by the audit of the Financial Statements: **no** Material weaknesses: **no**
 - (3) Noncompliance which is material to the financial statements: **no**
 - (4) Significant deficiencies in internal control over major programs: **no**
Material weaknesses: **no**
 - (5) The type of report issued on compliance for major programs: **unmodified opinion**
 - (6) Any audit findings which are required to be reported under Uniform Guidance: **no**
 - (7) Major program: **Child and Adult Care Food Program CFDA #10.558**
 - (8) Dollar threshold used to distinguish between Type A and Type B programs: **\$750,000**
 - (9) Auditee qualified as a low-risk auditee under Uniform Guidance: **yes**
- (2) Findings relating to the Financial Statements Reported in Accordance with *Government Auditing Standards*: **none**
- (3) Findings and Questioned Costs Relating to Federal Awards: **none**

Child Day Care Association of St. Louis
d/b/a United 4 Children
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
December 31, 2016 and 2015

None.