Carole Robertson Center for Learning

Single Audit
June 30, 2018

Sassetti
CERTIFIED PUBLIC ACCOUNTANTS

TABLE OF CONTENTS

	Page
Independent Auditors' Report	1 - 2
Statements of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7-16
Schedule of Expenditures of Federal Awards	17
Notes to Schedule of Expenditures of Federal Awards	18
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	19-20
Independent Auditors' Report on Compliance for each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	21-22
Schedule of Findings and Questioned Costs	23-24

Board of Directors
Carole Robertson Center for Learning
Chicago, Illinois

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of Carole Robertson Center for Learning (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses, and cash flows for the year 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 audit. We conducted our audit 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 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 Carole Robertson Center for Learning as of June 30, 2018, and the changes in its

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net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Carole Robertson Center for Learning 2017 financial statements, and our report dated January 8, 2018, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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 February 18, 2019, on our consideration of Carole Robertson Center for Learning'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 Carole Robertson Center for Learning’s internal control over financial reporting and compliance.

Sassetti LLC

Oak Park, Illinois
February 18, 2019

CAROLE ROBERTSON CENTER FOR LEARNING

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2018, WITH COMPARATIVE TOTALS FOR JUNE 30, 2017

				Total All Funds	
	Unrestricted	Temporarily Restricted	Permanently Restricted	2018	2017
ASSETS					
Current assets					
Cash and cash equivalents	$ 2,045,457	$ 66,187	$ -	$ 2,111,644	$ 1,636,388
Accounts receivable, net	2,798,432	-	-	2,798,432	2,393,590
Pledges receivable, net	-	165,136	-	165,136	100,000
Prepaid expenses	62,142	-	-	62,142	11,985
Total current assets	4,906,031	231,323	-	5,137,354	4,141,963
Property and equipment					
Facility	3,215,752	3,718,375	-	6,934,127	6,934,127
Other property and equipment	1,449,416	193,900	-	1,643,316	1,616,192
Less: Accumulated depreciation	(2,980,665)	(2,287,851)	-	(5,268,516)	(4,958,777)
Net property and equipment	1,684,503	1,624,424	-	3,308,927	3,591,542
Restricted cash	-	-	126,210	126,210	125,928
Total Assets	$ 6,590,534	$ 1,855,747	$ 126,210	$ 8,572,491	$ 7,859,433
LIABILITIES AND NET ASSETS					
Current liabilities					
Accounts payable	$ 363,217	$ -	$ -	$ 363,217	$ 206,648
Accrued expenses	400,548	-	-	400,548	361,451
Capital lease	131,468	-	-	131,468	165,764
Current portion of long-term debt	107,470	-	-	107,470	103,139
Total current liabilities	1,002,703	-	-	1,002,703	837,002
Long-term debt	424,901	-	-	424,901	532,370
Total liabilities	1,427,604	-	-	1,427,604	1,369,372
Net Assets					
Unrestricted	5,162,930	-	-	5,162,930	4,396,077
Temporarily restricted	-	1,855,747	-	1,855,747	1,968,056
Permanently restricted	-	-	126,210	126,210	125,928
Total net assets	5,162,930	1,855,747	126,210	7,144,887	6,490,061
Total Liabilities and Net Assets	$ 6,590,534	$ 1,855,747	$ 126,210	$ 8,572,491	$ 7,859,433

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

CAROLE ROBERTSON CENTER FOR LEARNING

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2018, WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals 2018	Totals 2017
SUPPORT					
Contributions	$ 296,625	$ 216,637	$ -	$ 513,262	$ 295,758
In-kind contributions	177,579	-	-	177,579	144,982
United Way	-	-	-	-	150,000
Special events	103,756	-	-	103,756	87,790
Net assets released from restrictions	328,946	(328,946)	-	-	-
Total Support	906,906	(112,309)	-	794,597	678,530
REVENUES					
Governmental contracts	9,705,764	-	-	9,705,764	8,333,838
Program related fees	269,635	-	-	269,635	243,465
Fees from other non-profits	301,711	-	-	301,711	330,449
Interest	1,848	-	282	2,130	1,930
Other earned income	-	-	-	-	27,152
Total Revenues	10,278,958	-	282	10,279,240	8,936,834
Total Revenues and Support	11,185,864	(112,309)	282	11,073,837	9,615,364
PROGRAM EXPENSES					
Infant/toddler	5,241,945	-	-	5,241,945	4,470,572
Early childhood	3,376,062	-	-	3,376,062	3,344,712
School age and youth	861,158	-	-	861,158	686,651
Community programming	337,725	-	-	337,725	393,071
Total Program Expenses	9,816,890	-	-	9,816,890	8,895,006
SUPPORTING SERVICES					
Fundraising	384,630	-	-	384,630	347,480
General and administrative	217,491	-	-	217,491	152,375
Total Supporting Services Expenses	602,121	-	-	602,121	499,855
Total Expenses	10,419,011	-	-	10,419,011	9,394,861
CHANGE IN NET ASSETS	766,853	(112,309)	282	654,826	220,503
NET ASSETS BEGINNING OF YEAR	4,396,077	1,968,056	125,928	6,490,061	6,269,558
NET ASSETS END OF YEAR	$ 5,162,930	$ 1,855,747	$ 126,210	$ 7,144,887	$ 6,490,061

The accompanying notes are an integral part of these financial statements

CAROLE ROBERTSON CENTER FOR LEARNING

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2018, WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2017

	Program Expenses				Supporting Services		Totals	
	Infant/Toddler	Early Childhood	School Age and Youth	Community Programming	Fundraising	General and Administrative	2018	2017
Expenses - personnel related								
Salaries and wages	$ 2,930,148	$ 1,618,879	$ 418,136	$ 194,369	$ 230,440	$ 758,308	$ 6,150,280	$ 5,454,242
Fringe benefits	607,421	307,425	85,152	36,596	41,599	120,608	1,198,801	1,117,753
Contractual service expenses	49,525	405,223	11,058	4,558	16,898	181,181	668,443	747,312
In-kind services	10,319	43,280	-	-	-	-	53,599	7,935
Total expenses - personnel related	3,597,413	2,374,807	514,346	235,523	288,937	1,060,097	8,071,123	7,327,242
Expenses - non-personnel related								
Office related	9,373	5,979	2,211	16,178	27,656	11,058	72,455	51,192
Occupancy	317,710	208,261	110,383	16,998	9,467	41,220	704,039	627,696
Travel and meetings	8,484	7,402	2,266	1,760	2,467	11,314	33,693	26,000
Programs	171,223	89,135	42,564	8,641	1,302	1,200	314,065	236,353
Food and milk	255,393	181,349	73,241	3,249	-	-	513,232	469,977
Staff development	15,683	3,766	855	2,160	604	1,315	24,383	13,190
Liability insurance and other expenses	98,870	21,327	8,270	1,217	5,194	70,628	205,506	168,996
Special events	-	-	-	-	38,829	-	38,829	39,336
In-kind facilities and materials	44,129	22,176	-	17,175	7,209	33,290	123,979	144,982
College scholarships and family assistance	-	-	-	-	2,253	-	2,253	4,522
Depreciation	180,545	111,411	17,039	1,330	712	4,417	315,454	285,375
Total expenses - non-personnel related	1,101,410	650,806	256,829	68,708	95,693	174,442	2,347,888	2,067,619
Total expenses before general and administrative	4,698,823	3,025,613	771,175	304,231	384,630	1,234,539	10,419,011	9,394,861
Allocated general and administrative	543,122	350,449	89,983	33,494	-	(1,017,048)	-	-
Total expenses	$ 5,241,945	$ 3,376,062	$ 861,158	$ 337,725	$ 384,630	$ 217,491	$ 10,419,011	$ 9,394,861

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

CAROLE ROBERTSON CENTER FOR LEARNING

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 654,826	$ 220,503
Adjustments to reconcile change in net assets provided to net cash provided by (used in) operating activities		
Depreciation	315,454	285,375
Decrease in allowance	51,203	49,953
Change in net assets:		
Increase in restricted cash	(282)	(188)
Increase in accounts receivable	(404,842)	(1,288,604)
Increase in pledge receivable	(116,339)	(49,203)
(Increase) decrease in prepaid expenses	(50,157)	7,070
Increase in accounts payable	156,569	14,164
Increase (decrease) in accrued expenses	39,098	(25,794)
Net Cash Provided by (Used in) Operating Activities	645,530	(786,724)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(32,840)	(194,755)
Net Cash Used in Investing Activities	(32,840)	(194,755)
CASH FLOWS FROM FINANCING ACTIVITIES		
(Payments on) proceeds from capital lease	(34,296)	165,764
Payments on long-term debt	(103,138)	(98,522)
Net Cash (Used in) Provided by Financing Activities	(137,434)	67,242
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	475,256	(914,237)
Cash and cash equivalents:		
Beginning of year	1,636,388	2,550,625
End of year	$ 2,111,644	$ 1,636,388
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS		
Interest paid	$ 27,716	$ 32,110
Income taxes paid	$ -	$ -

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization - The purpose of Carole Robertson Center For Learning (the "Center"), a not for profit corporation established under the laws of the State of Illinois, is to provide comprehensive child and family development programs to educate, enrich, and empower children and families. The Center serves Chicago families with the vision that every child and family creates pathways to lead productive, fulfilling lives. The Center is supported primarily through public and foundation contributions, government contracts, and program service fees.

Basis of Accounting - The financial statements of the Center have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Accordingly, the financial statements reflect all significant receivables, payables and other liabilities.

Basis of Presentation - The Center follows generally accepted accounting principles for not-for-profits. These principles require the Center to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. Unrestricted amounts are those that are currently available for use in the Center's operations and for the acquisition of equipment. Temporarily restricted amounts are donor restricted by the passage of time or use and permanently restricted assets are those that are stipulated by the donor to be maintained permanently.

Statement of Cash Flows - The Center considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

Accounts Receivable - Accounts receivable are stated at the amount management expects to collect for contracted services and fees. Accounts receivable are considered past due after thirty days. The Center evaluates collectability of receivables based on historical trends and market conditions. The Center has recorded an allowance for uncollectible receivables of $18,750 as of June 30, 2018.

Comparative Financial Statement Disclosure - The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Center's financial statements for the year ended June 30, 2017, from which the summarized information was derived.

Pledges Receivable - Contributions, including unconditional promises to give, are recognized as revenues in the period received or receivable. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Pledges expected to be collected in other than the next fiscal year are recorded after being discounted to the anticipated net present value of the future cash flows. All pledges receivable are expected to be received within two years as of June 30, 2018. No allowance has been recorded since it is believed that all pledges will be collected.

Pledges are expected to be realized in the following periods:

In one year or less	$ 120,000
Between one year and five years	50,000
	$ 170,000
Less:	
Discount at 5.25%	(4,864)
	$ 165,136

Property and Equipment - All acquisitions of property and equipment in excess of $500 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of the donation. Depreciation is computed using primarily the straight - line method based upon estimated service lives. Depreciation and amortization expense for the year ended June 30, 2018 was $315,454.

Donated Facilities and Materials - Donated marketable securities, equipment and other materials are recorded as contributions at their estimated fair values at the date of donation. The Center recognized $123,980 in unrestricted support for the use of the Center's facilities at 2020 W. Roosevelt Road, Chicago, Illinois, resulting from the current lease with the State of Illinois which requires rental payments well below market.

Donated Services - Contributions of services are required to be recognized if the services received (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchases if not provided by donation. Contributed services are generally related to volunteers for Childcare programs. Total amount of donated services for the year ended June 30, 2018 was $53,599.

Use of Accounting Estimates - 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 disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes - The Center is exempt from federal income taxes under the provision of Section 501 (c) (3) of the Internal Revenue Code. Management believes that it did not engage in any unrelated business activities; thus, no provision for income tax has been provided for in the financial statements. The Center's Form 990, Return of Organization Exempt from Income Tax, are subject to examination by the IRS, generally for three years after they were filed.

Fair Value - The Center measures fair value in accordance with generally accepted accounting principles, which establish a definition of fair value and a hierarchy prioritizing the inputs to valuation techniques, giving the highest priority to quoted prices in active markets for identical assets and liabilities and lowest priority to unobservable value inputs. The Center's significant financial instruments are cash, accounts receivable, pledges receivable, and debt. For these financial instruments, carrying values approximate fair value.

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

2. ACCOUNTS RECEIVABLE

The Center has entered into contracts with the Illinois Department of Health and Human Services (IDHS), the City of Chicago and other state and local government agencies. Substantially all of the contracts provide for reimbursement of child development services. The balances due from the City of Chicago and IDHS – Childcare comprise 81% and 14% of accounts receivable at December 31, 2018, respectively.

Vouchers submitted for covered expenses, services and advances and other government grants receivable are as follows at June 30, 2018:

City of Chicago - DFSS	$ 2,222,088
Illinois Action for Children	50,812
State of Illinois - DCFS	7,725
ISBE Food Program	68,299
IDHS - Childcare	393,161
Sub-total due from governmental agencies	2,742,085
Parent fees receivable	75,097
Sub-total	2,817,182
Less: allowance for doubtful accounts	(18,750)
Total Accounts Receivable, Net	$ 2,798,432

3. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2018:

	Unrestricted	Temporarily Restricted	Total
Facilities	$ 3,215,752	$ 3,718,375	$ 6,934,127
Computer system	583,945	-	583,945
Furniture and equipment	788,706	193,900	982,606
Vehicles	48,562	-	48,562
Leasehold improvements	28,203	-	28,203
Total property and equipment	4,665,168	3,912,275	8,577,443
Less: accumulated depreciation	(2,980,665)	(2,287,851)	(5,268,516)
	$ 1,684,503	$ 1,624,424	$ 3,308,927

A portion of the property and equipment are considered temporarily restricted as of June 30, 2018. See discussion at Note 8.

The Center reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Such assets would be written down to the fair market value of the asset. No such impairment is believed to have occurred as of June 30, 2018.

4. LINE OF CREDIT

The Center has a $1,000,000 line of credit with a bank, maturing on December 10, 2018, at the bank's reference or "index" rate plus 0.25 percent. The credit agreement is secured by all real and personal property, both intangible and tangible, of the Center. There was no outstanding balance at June 30, 2018.

5. LONG TERM DEBT

Long term debt consists of the following at June 30, 2018:

Second mortgage with Illinois Facilities Fund for location at 2929 W. 19th Street due October 1, 2021. The required monthly payment of $4,959 includes a interest rate at 4.875%. The loan rate was recalculated in October 2016 and was set at 4.75%. Recalculated loan rate will remain effective to maturity date.	$	178,060
Mortgage with Illinois Facilities Fund secured by both buildings due January 1, 2025. Through January 1, 2015, the required monthly payment of $5,555 includes a interest rate at 4.875%. The loan rate was recalculated January 1, 2015 to 5% with a payment of $4,544. Recalculated loan rate will remain effective to maturity date.		302,066
Second mortgage with Illinois Facilities Fund for location at 3701 W. Ogden due October 1, 2021. Loan rate was reset in November 2011 from 6.50% to 3.25% and monthly payments of $1,423. The loan rate was recalculated in October 2016 to 2.38%. Recalculated loan rate will remain effective to maturity date.		52,245
Total debt		532,371
Less current portion		(107,470)
Total long-term debt	$	424,901

Interest expense was $27,331 for the year ended June 30, 2018.

Additional discussion of debt resulting directly from the facility expansion is discussed in Note 6 and 7.

As of June 30, 2018 the aggregate maturities of long-term debt for the successive five years and thereafter are as follows:

2019		107,873
2020		112,833
2021		118,029
2022		65,707
2023		20,459
	$	424,901

6. EXPANSION OF FACILITY AT 2929 W. 19th STREET

During the fiscal year ended June 30, 2001, construction on the expansion of the site at 2929 W. 19th Street, Chicago, Illinois was finished. The expansion doubled the size of the facility.

The following were sources of funding for the building:

Equity - Public Funding		
City of Chicago, Department of Planning and Development Empowerment Zone Grant	$	1,500,000
City of Chicago, Department of Human Services, Community Services Block Grant		180,000
Equity - Private Funding		
Carole Robertson Center for Learning Equity Investment Paid by Individuals, Corporations and Foundations		250,571
Mortgage and Debt Funding		
City of Chicago, Community Development Block Grant Interim Float Loan		580,691
Illinois Facilities Fund Promissory Note		550,000
City of Chicago, Department of Human Services, Community Services Block Grant Loan (C.S.B.G.)		326,219
Total Project Costs	$	3,387,481

The following provides an overview of the sources of funds used for the 2929 W. 19th Street expansion project:

Empowerment Zone Grant - The facility at 2929 W. 19th Street is in a United States Department of Housing and Urban Development ("HUD") approved empowerment zone. The City of Chicago, with funds provided from the U.S. Department of Health and Human Services, has provided the Center with a $1,500,000 grant to pay construction project costs. The grant contained various limitations as to use of funds, costs allowed, reporting requirements, employment obligations, minority and women-owned business participation and insurance requirements. The constructed structure is to provide day care services.

Community Services Block Grant - The grant paid for a portion of the project cost so long as the Center maintained certain minority and women-owned business participation, required the contractor's labor force for the project to be made up of no less than fifty percent Chicago residents, as well as other reporting requirements.

Equity Investments - The terms of various aforementioned grants or loans required an equity investment by the Center.

Community Development Block Grant Float Loan - Initially, loan provided short-term low cost financing for the project. At completion of the project, the loan was converted into a term loan with Northern Trust and was paid in full during the year ended June 30, 2007.

Illinois Facilities Fund Promissory Note - During the period of construction and until operations commenced at the 2929 W. 19th Street facility, this note required interest-only payments based on a rate of five percent. As of August 1, 2001 the note was converted to a mortgage requiring monthly payments of principal and interest in the amount of $4,675. The required monthly payments of $4,670 included an interest rate at 4.875%. The mortgage is to be paid in full 162 months after operations commence. The final payment occurred January 1, 2015.

Community Services Block Grant Loan - This note was paid in full as of July 2009.

7. ADDITION OF FACILITY AT 3701 W. OGDEN

During the time the Center received funding to expand the site at 2929 W. 19th Street, the Lawndale Christian Development Corporation ("LCDC") received comparable funding to build a day care at 3701 W. Ogden, Chicago, Illinois. In August 2002, LCDC agreed to turn the facility over to the Center. With the approval of the various Federal, State and City agencies that provided the funding for the construction project, an agreement between all parties was signed, whereby LCDC assigned, and the Center assumed, the rights and obligation of LCDC relating to the facility.

The following details the sources of funding for the building and the value now included in the property and equipment section of the statement of financial position of the Center:

Equity - Public Funding	
City of Chicago, Department of Planning and Development Empowerment Zone Grant	$ 1,500,000
City of Chicago, Department of Human Services, Community Services Block Grant	314,749
Equity - Private Funding	
Restricted Construction Grants	255,000
Mortgage and Debt Funding	
City of Chicago, Community Development Block Grant Interim Float Loan	622,161
Illinois Facilities Fund Promissory Note	550,000
City of Chicago, Department of Human Services, Community Services Block Grant Loan (C.S.B.G.)	295,636
Project Value Capitalized by the Center	$ 3,537,546

Additional information relating to the sources of funds used for the construction project at 3701 W. Ogden is as follows:

Empower Zone Grant - The facility at 3701 W. Ogden is in a United States Department of Housing and Urban Development ("HUD") approved empowerment zone. The City of Chicago, with funds provided by the U.S. Department of Health and Human Services, provided LCDC with a $1,500,000 grant to pay construction project costs. The grant contained various limitations as to use of funds, costs allowed, reporting requirements, employment obligations, minority and women-owned business participation and insurance requirements. The constructed structure is to provide day care services.

Community Services Block Grant - The grant paid for a portion of the project cost so long as LCDC maintained certain minority and women-owned business participation, requires the contractor's labor force for the project to be made up of no less than fifty percent Chicago residents, as well as other reporting requirements. The constructed structure is to provide day care services.

Equity Investments - The terms of various aforementioned grants or loans require an equity investment by LCDC, of which $80,000 was provided by the Center. Both of the equity investments made by LCDC and the Center were made with private grants restricted to construction.

Community Development Block Grant Float Loan - This loan, originally in the amount of $652,847, was to provide short-term low cost financing for the project. At completion of the project, the loan was converted into a term loan with Northern Trust. At that time, the loan balance was $385,127. The loan required 63 consecutive monthly installments of principal and interest in the amount of $2,710. The loan bore interest at 5.693%. The final payment was made in November 2011.

Illinois Facilities Fund Promissory Note - During the period of construction and until operations commenced, this note required interest-only payments based on a rate of five percent. As of October, 2002, the note was converted to a mortgage requiring monthly payments of principal and interest in the amount of $5,249. The mortgage is to be paid in full 138 months after operations commence. Effective February 2013, the loan was refinanced to a rate of 4.875% with monthly payments of principal and interest of $5,245. The final payment was made in December 2013.

Community Services Block Grant Loan - The original amount of this non-interest bearing loan was $326,219. The loan was paid in full in November 2009.

8. RESTRICTIONS ON NET ASSETS

As of June 30, 2018, permanently restricted net assets comprised of $125,000 in cash, which was received from a foundation, plus $1,210 in interest earnings. During each fiscal year, the funds may be withdrawn and used solely to support activities that help to ensure the quality of programs or the stability of the Center. Any sums drawn from the account are to be repaid as of the close of the fiscal year following the year in which they were drawn. The grant agreement requires the funds and earnings on the funds to be maintained in U.S. Treasury Bills, or FDIC insured certificates of deposit, a checking or savings account, or money market mutual funds. Funds are maintained in an FDIC insured savings account. During the year ended June 30, 2018, the Center did not withdraw any funds.

A significant portion of the temporarily restricted net assets as of June 30, 2018 relate to the expansion of its two sites, as discussed in Note 6 and 7. At the time of expansion, grants funding a portion of the cost required the sites to be used for day care operation. The Center has adopted a policy of implying a time restriction on these assets that expire over the assets' useful life.

Additionally, temporarily restricted net assets include program grants which are restricted by the donor either for a specific time period and/or a specific purpose.

Temporarily restricted net assets consist of the following as of June 30, 2018:

Facility Expansion		
3701 W. Ogden Expansion		$ 1,030,613
2929 W. 19th Street Expansion		717,748
	Sub-total	1,748,361
Program Grants:		
Scholarships and family assistance		8,045
Other program grants		99,341
	Sub-total	107,386
		$ 1,855,747

Net assets were released from restrictions for the following during the year ended June 30, 2018:

Property and equipment	$	123,946
Program services		205,000
	$	328,946

9. SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Noncash operating activities consisted of in-kind donations in the amount of $177,579.

10. RETIREMENT PLAN

The Center has a 401(k) Deferred Compensation Plan which covers eligible employees. To be eligible an employee must have six months of service and be at least 18 years of age. The Center may make a discretionary contribution to the plan on behalf of the covered employees. The Center made no such contribution during the year ended June 30, 2018.

11. CREDIT AND MARKET RISK

The Center maintains its cash balances in several financial institutions located in Chicago, Illinois as certain grants may require the Center to hold funds in separate cash accounts. Cash balances are fully insured by the Federal Deposit Insurance Corporation and the FDIC Transaction Account Guarantee Program up to the FDIC insurance coverage limits of $250,000. The Organization's balances may exceed these limits.

Government contracts comprise 88% of total revenues and support for the year ended June 30, 2018.

12. CONTINGENCY

The Center has received significant revenues from federal, state and city agencies. The disbursement of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements, and may be subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability.

13. SUBSEQUENT EVENTS

The Center has evaluated subsequent events through February 18, 2019, the date which the financial statements were available to be issued.

14. OBLIGATIONS UNDER CAPITAL LEASES

In 2018, the Center entered into a capital lease agreement and acquired office equipment with a value of $171,480. As of June 30, 2018, cost and accumulated depreciation of office equipment under capital lease are as follows:

The following is a schedule of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of June 30, 2018.

Year ending June 30,	Amount
2019	$ 34,296
2020	34,296
2021	34,296
2022	28,580
Total	131,468
Imputed interest	(21,016)
	$ 110,452

15. NEW ACCOUNTING STANDARDS UPDATE

In August 2016, the FASB issued ASU 2016-14, “Presentation of Financial Statements of Not-for-Profit Entities”, which aims to improve presentation of financial information ultimately making nonprofit financial statements more informative, transparent and useful to the readers with changes to the following: net asset classes, investment return, expenses, liquidity and availability of resources, and presentation of operating cash flows. ASU 2016-14 is effective for the fiscal years beginning after December 15, 2017, including interim periods within fiscal years beginning after December 15, 2018. Amendments will need to be applied retrospectively. The Organization is currently evaluating the potential impact of the adoption of ASU 2016-14 on the Organization’s financial statements.

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606), requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective. Early adoption is permitted. The updated standard will be effective for annual reporting periods beginning after December 15, 2018.

CAROLE ROBERTSON CENTER FOR LEARNING

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2018

Federal Grantor/ Pass-Through Grantor/Program Title		Federal CDFA Number	Pass Through Numbers	Federal Expenditures
U.S. Department of Health and Human Services				
CCDF Cluster				
Pass-through programs from:				
Illinois Department of Human Services				
Child Care and Dev. Block Grant		93.569	FCSWI00644	$ 2,934,352
Illinois Action for Children				
Child Care and Dev. Block Grant		93.575	N/A	173,622
City of Chicago Department of Family and Support Services				
Child Care and Dev. Block Grant		93.596	28413	219,489
Total CCDF Cluster				3,327,463
Head Start				
Pass-through programs from:				
City of Chicago Department of Family and Support Services				
Head Start	*	93.600	33363	1,208,676
Early Head Start	*	93.600	33332	1,812,056
Early Head Start - Child Care Partnership Program	*	93.600	31997	609,494
Total Head Start				3,630,226
Subtotal U.S. Department of Health and Human Services				6,957,689
U.S. Department of Agriculture				
Pass-through programs from:				
Illinois State Board of Education				
Department of Child Nutrition				
Child and Adult Food Program		10.558	15016323P00	382,635
TOTAL EXPENDITURES OF FEDERAL AWARDS				$ 7,340,324

*Audited as a major program

See Notes to Schedule of Federal Awards

Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Carole Robertson Center for Learning under programs of the federal government for the year ended June 30, 2018. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Therefore, some amounts presented in this Schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

Because the Schedule presents only a selected portion of the operations of Carole Robertson Center for Learning, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows, if applicable, of Carole Robertson Center for Learning Pass-through entity identifying numbers are presented where available.

The Organization elected not to use the option of the 10% de minimis indirect cost rate.

Basis of Accounting

The accompanying schedule of expenditures of Federal awards is presented on the accrual basis of accounting. Such expenditures are recognized following, as applicable, the cost principles in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Payments to Subrecipients

Carole Robertson Center for Learning provided no Federal awards to sub-recipients during the year ended June 30, 2018.

Non - Cash Assistance

Carole Robertson Center for Learning neither received nor disbursed Federal awards in the form of non-monetary assistance during the year ended June 30, 2018.

Insurance, Loans, and Loan Guarantees

During the year ended June 30, 2018, Carole Robertson Center for Learning received no insurance, loans, loan guarantees or other Federal assistance for the purpose of administering Federal programs.

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CERTIFIED PUBLIC ACCOUNTANTS

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
Carole Robertson Center for Learning
Chicago, Illinois

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 Carole Robertson Center for Learning (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, statements of 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 February 18, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Carole Robertson Center for Learning'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 Carole Robertson Center for Learning's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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.

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Compliance and Other Matters
As part of obtaining reasonable assurance about whether Carole Robertson Center for Learning'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.

Sassetti LLC

February 18, 2019
Oak Park, Illinois

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CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Directors
Carole Robertson Center for Learning
Chicago, Illinois

Report on Compliance for Each Major Federal Program
We have audited Carole Robertson Center for Learning'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 Carole Robertson Center for Learning's major federal programs for the year ended June 30, 2018. Carole Robertson Center for Learning's major federal programs are identified in the summary of auditor's 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.

Auditor's Responsibility
Our responsibility is to express an opinion on compliance for each of Carole Robertson Center for Learning'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 Carole Robertson Center for Learning'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 Carole Robertson Center for Learning's compliance.

Opinion on Each Major Federal Program
In our opinion, Carole Robertson Center for Learning 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 June 30, 2018.

Report on Internal Control Over Compliance

Management of Carole Robertson Center for Learning 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 Carole Robertson Center for Learning'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 Carole Robertson Center for Learning' 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.

Sassetti LLC

February 18, 2019
Oak Park, Illinois

CAROLE ROBERTSON CENTER FOR LEARNING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2018

PART I - SUMMARY OF AUDITOR'S RESULTS

Financial Statement Section

Type of auditors' report issued:	Unmodified			
Internal control over financial reporting:				
Material weakness (es) identified?		Yes	X	No
Significant deficiency (ies) identified not considered to be material weaknesses?		Yes	X	No
Noncompliance material to financial statements noted?		Yes	X	No

Federal Awards Section

Dollar threshold used to determine Type A programs:	$750,000			
Auditee qualified as low-risk auditee?	X	Yes		No
Type of auditor's report on compliance for major programs:	Unmodified			
Internal control over major programs:				
Material weakness (es) identified?		Yes	X	No
Significant deficiency (ies) identified not considered to be material weaknesses?		Yes	X	No
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?		Yes	X	No

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
93.600	Head Start

PART II - FINANCIAL STATEMENT AUDIT FINDINGS

NONE

PART III - FEDERAL PROGRAM AUDIT FINDINGS

NONE

PART IV - SUMMARY OF PRIOR AUDIT FINDINGS

NONE