

CYPRESS BAPTIST CHURCH DAYCARE

FINANCIAL STATEMENTS

**YEARS ENDED
DECEMBER 31, 2021 AND 2020**

TMCE, LLP

Certified Public Accountants and Consultants

CYPRESS BAPTIST CHURCH DAYCARE

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Finance Committee
Cypress Baptist Church Daycare
Branch of Cypress Baptist Church
Benton, Louisiana

We have reviewed the accompanying financial statements of the Cypress Baptist Church Daycare branch of Cypress Baptist Church (a nonprofit organization), which comprise the statements of assets, liabilities and net assets – modified cash basis as of December 31, 2021 and 2020, and the related statements of support, revenue, expenses and change in net assets – modified cash basis and cash flows – modified cash basis, for the years then ended and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting; 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.

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the modified cash basis of accounting. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with the modified cash basis of accounting, as described in Note 2.

Supplementary Information

The supplementary information included in the supplemental schedule of expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information is the representation of management. We have reviewed the information and, based on our review, we are not aware of any material modifications that should be made to the information in order for it to be in accordance with the modified cash basis of accounting. We have not audited the information and, accordingly, do not express an opinion on such information.

TMCE, LLP

TMCE, LLP
Shreveport, Louisiana
June 21, 2022

**CYPRESS BAPTIST CHURCH DAYCARE
 STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS – MODIFIED CASH BASIS
 DECEMBER 31, 2021 AND 2020**

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ASSETS

| | 2021 | 2020 |
|-------------------------------|-------------------|-------------------|
| CURRENT ASSETS | | |
| Cash | \$ 192,570 | \$ 36,622 |
| Total Current Assets | 192,570 | 36,622 |
| PROPERTY AND EQUIPMENT | | |
| Furniture and Equipment | 74,679 | 74,679 |
| Vehicles | 100,701 | 137,095 |
| Total Property and Equipment | 175,380 | 211,774 |
| TOTAL ASSETS | \$ 367,950 | \$ 248,396 |

LIABILITIES AND NET ASSETS

| | | |
|---|-------------------|-------------------|
| Current Liabilities | | |
| Notes Payable - current portion of long-term debt | \$ - | \$ 13,469 |
| Total Current Liabilities | - | 13,469 |
| LONG-TERM NOTES PAYABLE | - | 20,732 |
| TOTAL LIABILITIES | - | 34,201 |
| NET ASSETS | | |
| Net Assets Without Restrictions | 367,950 | 214,195 |
| Total Net Assets | 367,950 | 214,195 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 367,950 | \$ 248,396 |

See Independent Accountants' Review Report.

**CYPRESS BAPTIST CHURCH DAYCARE
 STATEMENTS OF SUPPORT, REVENUE, EXPENSES AND CHANGE IN NET ASSETS –
 MODIFIED CASH BASIS
 FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

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| | 2021 | | 2020 |
|----------------------------------|-------------------|-----------|----------------|
| SUPPORT AND REVENUE | | | |
| Tuition | \$ 430,654 | \$ | 388,845 |
| Grant Revenue | 163,512 | | - |
| Gain on Extinguishment of Debt | - | | 74,500 |
| Gain on Asset Disposition | 4,807 | | - |
| Total Support and Revenue | 598,973 | | 463,345 |
| EXPENSES | | | |
| Personnel and Benefits | 345,700 | | 383,970 |
| Operational | 65,216 | | 47,603 |
| Building and Maintenance | 34,302 | | 27,488 |
| Total Expenses | 445,218 | | 459,061 |
| CHANGE IN NET ASSETS | 153,755 | | 4,284 |
| NET ASSETS, BEGINNING | 214,195 | | 209,911 |
| NET ASSETS, ENDING | \$ 367,950 | \$ | 214,195 |

See Independent Accountants' Review Report.

**CYPRESS BAPTIST CHURCH DAYCARE
STATEMENTS OF CASH FLOWS – MODIFIED CASH BASIS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

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| | 2021 | | 2020 |
|--|-------------------|-----------|----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Change in Net Assets | \$ 153,755 | \$ | 4,284 |
| (Gain) on extinguishment of debt | - | | (74,500) |
| (Gain) on Disposition of Assets | (4,807) | | 0 |
| Net Cash Provided (Used) by Operating Activities | 148,948 | | (70,216) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Proceeds from Property and Equipment | 17,463 | | - |
| Net Cash Provided by Investing Activities | 17,463 | | - |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from Issuance of Debt | - | | 74,500 |
| Payments on Debt | (10,463) | | (8,628) |
| Net Cash Provided by Financing Activities | (10,463) | | 65,872 |
| NET (DECREASE) INCREASE IN CASH | 155,948 | | (4,344) |
| CASH - BEGINNING OF YEAR | 36,622 | | 40,966 |
| CASH - END OF YEAR | \$ 192,570 | \$ | 36,622 |
| SUPPLEMENTARY INFORMATION | | | |
| Cash Paid for Interest | \$ 492 | \$ | 1,502 |

See Independent Accountants' Review Report.

**CYPRESS BAPTIST CHURCH DAYCARE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

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1. NATURE OF ORGANIZATION

Cypress Baptist Church Daycare (the Daycare) is a branch of Cypress Baptist Church (the Church), organized as a not-for-profit organization with the State of Louisiana on December 1, 1979. The Daycare's purpose is to provide childcare to members and non-members in the surrounding community that is focused on Christian values and beliefs. The Daycare is an additional outlet for the Church to spread the Gospel throughout the community.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements are prepared on the modified cash basis of accounting; consequently, certain revenue and assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when the obligation is incurred. Provisions for property and long-term obligations are recorded when the obligation is incurred.

Basis of Presentation

The Daycare reports information regarding its statement of assets, liabilities and net assets according to two classes of net assets: without donor restrictions and with donor restrictions.

Cash and Cash Equivalents

The Daycare considers all short-term investments with an original maturity of one year or less when purchased to be "cash equivalents".

Revenue Recognition

Tuitions received are recorded as net assets without donor restrictions depending on the absence or existence and nature of any with donor restrictions.

Property and Equipment

The Daycare capitalizes all expenditures for property and equipment in excess of \$2,500. Purchased property and equipment are carried at cost. Donated property and equipment are carried at the approximate fair value at the date of donation. The Daycare does not make an allowance for the depreciation of its capitalized property and equipment.

Gains and losses on disposal of property and equipment are reflected currently in revenue. Maintenance and repairs are charged to expense at the time the expenditure is incurred. Replacements and betterments, which significantly lengthen useful lives, are capitalized.

**CYPRESS BAPTIST CHURCH DAYCARE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Tax Exempt Status

As a branch of Cypress Baptist Church, the Daycare is exempt from federal income taxes under Internal Revenue Code 501(c)(3). However, income from certain activities not directly related to the Church's exempt purpose is subject to taxation as unrelated business income.

The Church determines the recognition of uncertain tax positions, if applicable, that may subject the Daycare to unrelated business income tax by applying a more-likely-than-not recognition threshold and determines the measurement of uncertain tax positions considering the amounts and probabilities of the outcomes that could be realized upon ultimate settlement with tax authorities. The Daycare has not taken any uncertain tax positions.

Date of Management's Review

Subsequent events have been evaluated through June 21, 2022, which is the date the financial statements were available to be issued.

3. LONG-TERM DEBT

As of December 31, 2021 and 2020, long-term debt consists of the following:

| | 2021 | 2020 |
|---|------|-----------|
| Ally Financial, payable in monthly installments of \$ \$548.12, including principal and interest payable at 3.59%, secured by a vehicle with a book value of \$30,037 as of December 31, 2021 and 2020 | \$ - | \$ 6,387 |
| Ally Financial, payable in monthly installments of \$718.17, including principal and interest payable at 6.74%, secured by a vehicle with a book value of \$-0- and \$36,394 as of December 31, 2021 and 2020 | - | 27,814 |
| Total long-term debt | - | 34,201 |
| Less: current maturities | - | (13,469) |
| Net long-term debt | \$ - | \$ 20,732 |

**CYPRESS BAPTIST CHURCH DAYCARE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

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4. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Daycare's financial assets as December 31, 2021 and 2020, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year. Amounts available does not include donor restricted amounts that are available for general expenditure in the following year as there are no net assets with donor restrictions as December 31, 2021 and 2020.

| | 2021 | 2020 |
|---|------------|-------------|
| Financial assets, at year-end: | | |
| Cash and cash equivalents | \$ 192,570 | \$ 36,622 |
| Less amounts not available to be used within one year | | |
| Long-term notes payable (current portion) | \$ - | \$ (12,908) |
| Financial assets available to meet cash needs for general expenditures within one year | \$ 192,570 | \$ 23,714 |

5. COVID-19 PANDEMIC

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of any countries. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. Therefore, while this may negatively impact the Daycare's operating results, the related financial impact and duration cannot be reasonably estimated at this time.

6. PAYCHECK PROTECTION PROGRAM

On April 7, 2020, the Daycare was granted a loan from Red River Bank, in the amount of \$74,500, pursuant to the Paycheck Protection Program (the "PPP") under Division A, Title I of the CARES Act, which was enacted March 27, 2020. On December 7, 2020, the Daycare was granted forgiveness of the loan. The Daycare recognized the amount of the loan of \$74,500 as a gain on extinguishment of debt for year ended December 31, 2020.

SUPPLEMENTAL INFORMATION

**CYPRESS BAPTIST CHURCH DAYCARE
SUPPLEMENTAL SCHEDULE OF EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

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| | 2021 | 2020 |
|---------------------------------------|-------------------|-------------------|
| PERSONNEL AND BENEFITS | | |
| Salaries | \$ 316,687 | \$ 351,726 |
| Employer Taxes | 24,159 | 26,908 |
| Employee Expenses | 4,854 | 4,636 |
| Workman's Compensation Insurance | - | 700 |
| Total Personnel and Benefits | \$ 345,700 | \$ 383,970 |
| OPERATIONAL | | |
| Groceries | \$ 27,745 | \$ 21,942 |
| Field Trips | 14,740 | 6,490 |
| D/C Equipment | 6,226 | 5,329 |
| Office Supplies | 7,035 | 6,061 |
| Classroom Supplies | 5,635 | 4,422 |
| Auto and Insurance | 2,016 | 258 |
| Educational Supplies | 1,207 | 1,599 |
| Interest | 492 | 1,502 |
| Playground Equipment | 120 | - |
| Total Operational | \$ 65,216 | \$ 47,603 |
| BUILDING AND MAINTENANCE | | |
| Janitorial | \$ 21,033 | \$ 15,738 |
| Playground Maintenance | 5,220 | 5,785 |
| Office Maintenance | 2,370 | 2,629 |
| Utilities | - | 1,136 |
| Maintenance and State Regulations | 5,679 | 2,200 |
| Total Building and Maintenance | \$ 34,302 | \$ 27,488 |
| TOTAL EXPENSES | \$ 445,218 | \$ 459,061 |

See Independent Accountants' Review Report.

**CYPRESS BAPTIST CHURCH DAYCARE
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED DECEMBER 31, 2021**

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No public funds used for compensation, benefits or other payments to Agency Head during 2021.

See Independent Accountants' Review Report.