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**UNIVERSITY CITY CHILDREN'S CENTER  
AND SUBSIDIARY**

**CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2021 AND 2020**

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**UNIVERSITY CITY CHILDREN'S CENTER**

**DECEMBER 31, 2021 AND 2020**

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## INDEPENDENT AUDITORS' REPORT

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To the Board of Directors of  
**University City Children's Center and Subsidiary**

### **Opinion**

We have audited the financial statements of **University City Children's Center and Subsidiary**, which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **University City Children's Center and Subsidiary** as of December 31, 2021 and 2020, 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.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of **University City Children's Center and Subsidiary** and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about **University City Children's Center and Subsidiary's** ability to continue as a going concern for one year after the date that the financial statements are issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists.



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**INDEPENDENT AUDITORS' REPORT (CONTINUED)**

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**Auditor's Responsibilities for the Audit of the Financial Statements (Continued)**

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 **University City Children's Center and Subsidiary's** internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about **University City Children's Center and Subsidiary's** ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

*Kiefer Bonfanti & Co. LLP*

St. Louis, Missouri  
May 31, 2022

**UNIVERSITY CITY CHILDREN'S CENTER AND SUBSIDIARY**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

Assets	December 31,	
	2021	2020
<b>Current Assets</b>		
Cash and cash equivalents	\$ 1,677,822	\$ 901,053
Receivable from United Way of Greater St. Louis, Inc.	139,301	135,793
Pledges and grants receivable	462,191	41,461
Accounts receivable, net of allowance of \$35,201 and \$23,142 in 2019 and 2020, respectively	127,957	61,036
Other current assets	6,372	10,641
<b>Total Current Assets</b>	<b>2,413,643</b>	1,149,984
<b>Pledges and Grants Receivable, Non-Current</b>	<b>327,407</b>	-
<b>Property and Equipment, Net</b>	<b>477,493</b>	658,770
<b>Total Assets</b>	<b>\$ 3,218,543</b>	<b>\$ 1,808,754</b>

Liabilities and Net Assets		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 146,549	\$ 80,586
Accrued salaries	63,188	59,551
Accrued and withheld taxes	10,662	5,757
Deferred revenue	33,648	75,148
Current portion of long-term debt	3,596	2,323
<b>Total Current Liabilities</b>	<b>257,643</b>	223,365
<b>Other Liabilities</b>		
Note payable	148,485	150,102
Deferred rent liability	52,553	77,778
<b>Total Other Liabilities</b>	<b>201,038</b>	227,880
<b>Total Liabilities</b>	<b>458,681</b>	451,245
<b>Net Assets</b>		
Without donor restrictions	1,433,771	918,510
With donor restrictions	1,326,091	438,999
<b>Total Net Assets</b>	<b>2,759,862</b>	1,357,509
<b>Total Liabilities and Net Assets</b>	<b>\$ 3,218,543</b>	<b>\$ 1,808,754</b>

**UNIVERSITY CITY CHILDREN'S CENTER AND SUBSIDIARY**

**CONSOLIDATED STATEMENTS OF ACTIVITIES**

	<b>Years Ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
<b>Without Donor Restrictions</b>		
<b>Support and Revenue</b>		
Program service fees - private	\$ 1,849,596	\$ 1,331,161
Program service fees - government programs	610,779	435,658
Less tuition assistance	(267,458)	(225,773)
Program service fees, net of tuition assistance	2,192,917	1,541,046
Contributions	868,773	441,771
Grants	34,931	356,041
Special events	77,362	195,115
Consulting fees	287,557	249,362
Paycheck protection program loan forgiven	534,800	526,900
Other unrestricted revenue	2,421	18,190
<b>Support and Revenues Available</b>	<b>3,998,761</b>	<b>3,328,425</b>
Net assets released from restrictions	584,049	576,537
<b>Total Support and Revenue Without Donor Restrictions</b>	<b>4,582,810</b>	<b>3,904,962</b>
<b>Expenses</b>		
Program services	3,463,776	3,037,373
Management and general	353,339	381,195
Fundraising	250,434	288,552
<b>Total Expenses</b>	<b>4,067,549</b>	<b>3,707,120</b>
<b>Increase in Net Assets Without Donor Restrictions</b>	<b>515,261</b>	<b>197,842</b>
<b>With Donor Restrictions</b>		
United Way of Greater St. Louis, Inc.	139,301	135,793
Other restricted contributions	1,331,840	183,601
Net assets released from restrictions	(584,049)	(576,537)
<b>Increase (Decrease) in Net Assets With Donor Restrictions</b>	<b>887,092</b>	<b>(257,143)</b>
<b>Increase (Decrease) in Net Assets</b>	<b>1,402,353</b>	<b>(59,301)</b>
<b>Net Assets, Beginning of Year</b>	<b>1,357,509</b>	<b>1,416,810</b>
<b>Net Assets, End of Year</b>	<b>\$ 2,759,862</b>	<b>\$ 1,357,509</b>

**UNIVERSITY CITY CHILDREN'S CENTER AND SUBSIDIARY**

**CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES**

	Years Ended December 31,							
	2021				2020			
	Program services	Mgmt and General	Fundraising	Total	Program services	Mgmt and General	Fundraising	Total
Salaries	\$ 2,013,358	246,249	104,466	\$ 2,364,073	\$ 1,910,532	183,038	145,632	\$ 2,239,202
Employee health and retirement benefits	256,651	14,517	7,883	279,051	310,681	13,693	14,858	339,232
Payroll taxes	149,236	14,401	9,586	173,223	121,656	11,953	11,108	144,717
<b>Total salaries and related expenses</b>	<b>2,419,245</b>	<b>275,167</b>	<b>121,935</b>	<b>2,816,347</b>	<b>2,342,869</b>	<b>208,684</b>	<b>171,598</b>	<b>2,723,151</b>
Professional fees and contract service payments	247,233	19,224	57,463	323,920	60,007	125,254	55,176	240,437
Supplies	233,567	24,711	4,288	262,566	151,277	5,362	159	156,798
Occupancy	181,164	8,200	4,196	193,560	173,579	13,517	3,836	190,932
Less: shared occupancy costs	17,497	(8,617)	(8,880)	-	18,240	(8,311)	(9,929)	-
Information technology	45,547	2,620	884	49,051	42,509	4,010	4,154	50,673
Bank & merchant card fees	39,031	2,080	2,451	43,562	26,661	2,721	2,686	32,068
Office expenses	14,306	2,143	25,870	42,319	13,534	6,056	21,242	40,832
Special events	4,900	1,920	32,304	39,124	2,499	465	21,551	24,515
Advertising and promotion	30,371	4,876	2,172	37,419	-	5,313	5,277	10,590
Other	23,118	5,181	1,925	30,224	16,825	958	3,037	20,820
Insurance	16,768	476	390	17,634	15,848	1,311	457	17,616
Travel	14,751	623	1,331	16,705	3,644	164	991	4,799
Professional development	3,813	391	-	4,204	3,894	750	-	4,644
Interest	3,992	124	27	4,143	2,317	82	27	2,426
Conferences, conventions, and meetings	1,320	-	-	1,320	49	-	3,941	3,990
<b>Total Expenses Before Depreciation</b>	<b>3,296,623</b>	<b>339,119</b>	<b>246,356</b>	<b>3,882,098</b>	<b>2,873,752</b>	<b>366,336</b>	<b>284,203</b>	<b>3,524,291</b>
Depreciation	167,153	14,220	4,078	185,451	163,621	14,859	4,349	182,829
<b>Total Expenses</b>	<b>\$ 3,463,776</b>	<b>353,339</b>	<b>250,434</b>	<b>\$ 4,067,549</b>	<b>\$ 3,037,373</b>	<b>381,195</b>	<b>288,552</b>	<b>\$ 3,707,120</b>
<b>% of Total Expenses</b>	<b>85.2%</b>	<b>8.7%</b>	<b>6.1%</b>	<b>100.0%</b>	<b>81.9%</b>	<b>10.3%</b>	<b>7.8%</b>	<b>100.0%</b>

**UNIVERSITY CITY CHILDREN'S CENTER AND SUBSIDIARY**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	<b>Years Ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
<b>Cash Flows from Operating Activities</b>		
(Increase) decrease in net assets	<b>\$ 1,402,353</b>	\$ (59,301)
Adjustments:		
Depreciation	<b>185,451</b>	182,829
Paycheck protection program loan forgiven	<b>(534,800)</b>	(526,900)
(Increase) decrease in operating assets		
Receivable from United Way of Greater St. Louis, Inc.	<b>(3,508)</b>	11,010
Pledges and grants receivable	<b>(748,137)</b>	74,593
Accounts receivable	<b>(66,921)</b>	56,472
Other current assets	<b>4,269</b>	(6,413)
(Increase) decrease in operating liabilities		
Accounts payable and accrued expenses	<b>65,963</b>	(17,064)
Accrued salaries	<b>3,637</b>	(50,199)
Accrued and withheld taxes	<b>4,905</b>	(21,092)
Deferred revenue	<b>(41,500)</b>	32,746
Deferred rent liability	<b>(25,225)</b>	(25,225)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>246,487</b>	(348,544)
<b>Cash Flows from Investing Activities</b>		
Purchase of property and equipment	<b>(4,174)</b>	(38,039)
<b>Net Cash Used by Investing Activities</b>	<b>(4,174)</b>	(38,039)
<b>Cash Flows from Financing Activities</b>		
Proceeds from paycheck protection program loan	<b>534,800</b>	526,900
Payments on note payable	<b>(344)</b>	-
Proceeds from issuance of note payable	<b>-</b>	152,425
<b>Net Cash Provided by Financing Activities</b>	<b>534,456</b>	679,325
<b>Net Increase in Cash and Cash Equivalents</b>	<b>776,769</b>	292,742
Cash and cash equivalents, beginning of year	<b>901,053</b>	608,311
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 1,677,822</b>	\$ 901,053

**Supplemental Disclosure of Cash Flows**

Interest paid	<b>\$ 4,143</b>	\$ 2,426
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020

**BUSINESS DESCRIPTION AND PRINCIPLES OF CONSOLIDATION**

**University City Children's Center** is a not-for-profit organization whose two programs are its innovative early childhood education center (the Center) and LUME Institute, LLC (LUME). The accompanying financial statements consolidate the financial position, activities, functional expenses, and cash flows of the Center and LUME (collectively, UCCC). All intercompany transactions have been eliminated in the consolidation.

The Center provides innovative, quality care, and education to a racially, culturally, developmentally, and socio-economically diverse population of children between the ages of six weeks and six years in a nurturing environment that provides supportive services to families. The Center serves children from over 30 zip codes in the St. Louis metropolitan area and is supported through private and government program service fees, contributions, and grants from private foundations, state government agencies, and the United Way of Greater St. Louis, Inc.

LUME seeks to transform the way families, educators, and communities inspire young children to learn, grow and thrive. LUME provides professional development for current and aspiring early childhood educators, and hosts workshops and other events to help parents and other participants support the growth and development of children.

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Method of Accounting***

UCCC uses the accrual method of accounting.

***Financial Statement Presentation***

UCCC reports its information regarding financial position and activities according to the following net asset classifications:

***Net assets without donor restrictions***

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of UCCC. These net assets may be used at the discretion of UCCC's management and board of directors.

***Net assets with donor restrictions***

Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of UCCC or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. There were no donor restrictions perpetual in nature at December 31, 2021 and 2020.

***Estimates***

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

***Cash and Cash Equivalents***

For purposes of the statement of cash flows, UCCC considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

Notes to Consolidated Financial Statements (Continued)

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Accounts Receivable***

Accounts receivable arise in the normal course of operations. UCCC actively pursues past due accounts and provides an allowance for doubtful accounts based on historical experience and management's analysis of the current status of existing receivables. UCCC considers any accounts receivable older than 30 days to be past due, and charges off accounts receivable when all collection efforts have been unsuccessful, and management believes there is no chance for collection. Accounts receivable older than 90 days at December 31, 2021 and 2020 amounted to \$29,412 and \$21,438, respectively. Bad debt expense for the years ended December 31, 2021 and 2020 was \$26,050 and \$12,750, respectively.

***Property and Equipment***

Property and equipment are stated at cost, or fair market value if donated, less accumulated depreciation and amortization computed on the straight-line method over estimated useful lives of 3 to 20 years.

***Contributions***

Contributions that are not specifically restricted by the donor are considered to be available for use at the discretion of UCCC's management and board of directors. Contributions that are received with donor-imposed restrictions that limit the use of the donated assets are initially recorded in net assets with donor restrictions. When the restrictions are satisfied, the donated assets are recorded as net assets released from restrictions on the statement of activities and are reclassified to net assets without donor restrictions on the statement of financial position. If the restriction is satisfied in the same period in which the contribution is received, UCCC may report the contribution as unrestricted. Unconditional promises to make contributions are accrued at estimated fair value at the date each promise is received and are included in net assets with donor restrictions.

***Revenue and Revenue Recognition***

UCCC receives revenue from tuition, consulting services, contributions, and ticket sales from special events. UCCC recognizes revenue from tuition and consulting fees during the period in which the related services are provided. Payments received in advance of the period in which services are provided, including deposits, are deferred to the applicable period. Tuition assistance is recorded as a reduction from posted tuition rates in the period that the related tuition revenue is recognized.

UCCC recognizes contributions when cash, securities or other assets, unconditional promises to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. There were no conditional promises to give for the years ended December 31, 2021 and 2020.

UCCC recognizes revenue from ticket sales during the period in which the special event takes place.

***Functional Expenses***

The costs of programs and supporting services activities have been summarized on a functional basis in the statement of activities. The statements of functional expenses present the expenses by function. Certain costs are classified as program or supporting services based on the nature of the expense. Other costs have been allocated among the programs and supporting services as determined by management on an equitable basis.

Notes to Consolidated Financial Statements (Continued)

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Functional Expenses (continued)***

Expenses are classified as follows:

<b>Expense</b>	<b>Method of Allocation</b>
Salaries and related expenses	Direct costs, time and effort
Professional fees & contract service payments	Direct costs
Supplies	Direct costs, headcount
Occupancy	Square footage
Information technology	Headcount
Bank & merchant card fees	Direct costs
Office expenses	Direct costs, headcount
Special events	Direct costs
Advertising & promotion	Direct costs
Other	Direct costs, square footage, time and effort
Insurance	Direct costs, square footage, time and effort
Travel	Direct costs
Professional development	Direct costs
Interest	Square footage
Conferences, conventions, and meetings	Direct costs

***Donated Services***

During the years ended December 31, 2021 and 2020, UCCC did not recognize any amount for donated services, as the criteria for recognition was not met. UCCC pays for most services requiring specific expertise. In addition, many individuals volunteer their time and perform a variety of tasks that assist UCCC with specific programs, campaign solicitations, and various committee assignments.

***Income Tax Status***

UCCC is exempt from income tax pursuant to Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes is made in the accompanying financial statements.

Financial accounting standards for uncertain tax positions prohibit financial statement recognition of the impact of a tax position if the position is not "more likely than not" to be sustained on audit, based on the technical merits of the position. The Federal Forms 990 of UCCC are subject to examination by the Internal Revenue Service, generally for three years after they have been filed. As of May 31, 2022, no returns have been selected for examination.

***New Accounting Pronouncements***

The FASB issued Accounting Standards Update (ASU) 2016-02, Leases (Topic 842) – This guidance is designed to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements. This ASU is effective for the year ending December 31, 2022.

***Subsequent Events***

Management has evaluated subsequent events through May 31, 2022, the date which the financial statements were available to be issued, for possible recognition or disclosure.

**UNIVERSITY CITY CHILDREN'S CENTER AND SUBSIDIARY**

Notes to Consolidated Financial Statements (Continued)

**NOTE 2 LIQUIDITY AND AVAILABILITY**

	<u>December 31,</u>	
	<u>2021</u>	<u>2020</u>
<b>Financial assets at year end:</b>		
Cash and cash equivalents	\$ 1,677,822	\$ 901,053
Receivable from United Way of Greater St. Louis, Inc.	139,301	135,793
Pledges and grants receivable	789,598	41,461
Accounts receivable	127,957	61,036
<b>Total financial assets</b>	<b>2,734,678</b>	<b>1,139,343</b>
<b>Less amounts not available to be used within one year:</b>		
Net assets with donor restrictions	1,326,091	438,999
Less net assets with time and purpose restrictions to be met in less than one year	<b>(757,919)</b>	<b>(311,591)</b>
<b>Total amounts not available to be used within one year</b>	<b>568,172</b>	<b>127,408</b>
<b>Financial assets available to meet general expenditures over the next twelve months</b>	<b>\$ 2,166,506</b>	<b>\$ 1,011,935</b>

UCCC's goal is generally to maintain a level of liquidity sufficient to withstand variations in its major sources of revenue, measured by two standard deviations during the preceding five years, and to pay the cost of a major capital expense.

**NOTE 3 PROPERTY AND EQUIPMENT**

	<u>December 31,</u>	
	<u>2021</u>	<u>2020</u>
Building and improvements	\$ 3,125,074	\$ 3,112,379
Playground equipment	78,869	78,869
Classroom equipment	20,078	20,078
Office and kitchen equipment	75,165	45,646
Garden project	45,704	45,704
Construction in progress	-	38,040
<b>Property and equipment, at cost</b>	<b>3,344,890</b>	<b>3,340,716</b>
Less accumulated depreciation	<b>(2,867,397)</b>	<b>(2,681,946)</b>
<b>Property and Equipment, Net</b>	<b>\$ 477,493</b>	<b>\$ 658,770</b>

Depreciation expense amounted to \$185,451 and \$182,829 for the years ended December 31, 2021 and 2020, respectively.

**NOTE 4 NOTE PAYABLE**

In May 2020, UCCC received an Economic Injury Disaster Loan from the U.S. Small Business Administration in the amount of \$150,000 which matures on May 28, 2050. Security for the loan includes all personal property of UCCC. The interest rate on the loan is 2.75%. The loan is payable in monthly installments of \$641 beginning in May 2021.

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**UNIVERSITY CITY CHILDREN'S CENTER AND SUBSIDIARY**

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Notes to Consolidated Financial Statements (Continued)

**NOTE 4 NOTE PAYABLE (CONTINUED)**

Interest from the date of the loan to the date of the first payment accrued to the principal balance of the loan. The Note payable on the Consolidated Statements of Financial Position includes accrued interest of \$3,829 of the loan prior of the first payment.

The following is a schedule of future principal payments:

<b>Years Ending December 31,</b>		
2022	\$	3,596
2023		3,696
2024		3,797
2025		3,902
2026		4,010
Thereafter		133,080
<b><u>Total Future Principal Payments</u></b>		<b><u>\$ 152,081</u></b>

**NOTE 5 PAYCHECK PROTECTON PROGRAM LOAN**

In April 2020, UCCC applied for and was granted a \$526,900 loan under the Paycheck Protection Program (PPP) administered by the Small Business Administration (SBA). The loan was uncollateralized and fully guaranteed by the Federal government. The loan accrued interest at 1%, but payments were not required until the final amount of the loan was determined by the SBA. In accordance with Accounting Standards Update (ASU) No. 958-605, UCCC accounted for the PPP loan as a refundable advance and recognized the contribution as the conditions of the release had been substantially met. UCCC applied for and was approved for loan forgiveness in 2021. On February 21, 2021, UCCC applied for and was granted a second PPP loan in the amount of \$534,800. UCCC applied for loan forgiveness for the second PPP loan and was approved for forgiveness on November 9, 2021.

**NOTE 6 LEASE AGREEMENT**

UCCC leases its building from Washington University (landlord). Under the terms of the lease, the children of graduate students and employees of the landlord have a priority right to enroll a certain number of children at the Center, and the landlord has representation on the governing board of UCCC.

The term of the lease is for a period of 20 years ending on January 31, 2024, with an option to purchase. The lease may be extended for an indefinite number of renewal periods of 10 years each. The purchase option must occur no sooner than the 10 year anniversary. The purchase price will be based on the fair market value at the option date less the unamortized balance of improvements made to the building.

Base rent per the lease agreement was \$1 per square foot per year through January 2019 and increased to \$2 per square foot per year thereafter. Deferred rent consists of the excess of the rental expenses on a straight-line basis over the payments required by the lease and is included on the statements of financial position. The base rent is in the process of being renegotiated.

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**UNIVERSITY CITY CHILDREN'S CENTER AND SUBSIDIARY**

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Notes to Consolidated Financial Statements (Continued)

**NOTE 6 LEASE AGREEMENT (CONTINUED)**

Obligations under the lease is as follows:

Years Ending December 31,	
2022	\$ 60,378
2023	60,378
2024	5,032
<hr/>	
<b>Total Future Payments</b>	<b>\$ 125,788</b>

Rent expense was \$37,278 and \$38,140 for the years ended December 31, 2021 and 2020, respectively.

**NOTE 7 EMPLOYEE BENEFIT PLAN**

UCCC sponsors a defined contribution retirement plan which covers all employees who have at least 90 days of service and are age twenty-one or older. The plan allows for discretionary employer matching contributions in amounts determined by the Board of Directors on an annual basis. UCCC accrued \$18,757 and \$18,518 as contributions to the Plan for the years ended December 31, 2021 and 2020, respectively.

**NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS**

	December 31,	
	2021	2020
<b>Contributions Restricted for Purpose</b>		
Program restrictions	\$ 817,967	\$ 204,072
Family organization	4,764	4,749
Emergency funding	143,902	-
Adventure playground and garden	-	5,149
<b>Contributions Restricted for Time</b>		
United Way of Greater St. Louis, Inc.	139,301	135,793
Multi-year pledges	220,157	89,236
<hr/>		
<b>Total</b>	<b>\$ 1,326,091</b>	<b>\$ 438,999</b>

Notes to Consolidated Financial Statements (Continued)

**NOTE 9 CONCENTRATIONS OF CREDIT AND MARKET RISK**

Financial instruments that potentially subject UCCC to credit and market risk consist principally of cash, cash equivalents and receivables.

UCCC places all cash and cash equivalents with major financial institutions and, by policy, attempts to limit the amount of credit exposure at any one financial institution. UCCC's cash deposits in financial institutions are insured by FDIC insurance, which is subject to certain limitations and conditions. At December 31, 2021 and 2020, cash balances exceeded FDIC limits by approximately \$1,082,000 and \$319,000, respectively.

Concentrations of credit risk with respect to receivables are limited due to the nature of these receivables. UCCC also receives donations of marketable securities that are subject to market risk. Market risk is the possibility that changes in market price may make a financial instrument less valuable. Market risk on donated securities is limited by UCCC's policy to promptly sell the securities.

**NOTE 10 COVID-19**

In December 2019, there was an outbreak of a novel strain of coronavirus (COVID-19). On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic, and multiple jurisdictions in the U.S. declared a state of emergency. Due to stay-at-home orders from state and local governments, UCCC temporarily suspended childcare services on March 19, 2020. Impacts included disruptions and restrictions on UCCC's employees' ability to work and temporary disruption of monthly tuition collection. In May 2020, UCCC resumed limited childcare services under guidelines established by St. Louis County and the Centers for Disease Control and Prevention. UCCC fully resumed its operations in mid-2021.