The Consolidated Financial Statements
June 30, 2020 and 2019

The Children's Center and Affiliates

Independent Auditor's Report

The Board of Trustees
The Children's Center
Salt Lake City, Utah

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of The Children's Center, which comprise the consolidated statements of financial position as of June 30, 2020 and 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Children's Center as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

The supplementary schedules on pages 23-26 are presented for the purpose of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in our audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements taken as a whole.

Eide Bailly LLP

Salt Lake City, Utah
December 14, 2020

	2020	2019
Assets		
Current Assets		
Cash and cash equivalents	$ 2,276,851	$ 1,403,317
Accounts receivable, net	248,879	229,903
Unconditional promises to give, net	451,406	214,445
Prepaid expenses and other assets	40,165	34,434
Total current assets	3,017,301	1,882,099
Property and Equipment, Net	9,534,233	9,802,114
Unconditional Promises to Give, Less Current Portion	340,000	-
Endowment	8,025,954	9,122,815
Total assets	$ 20,917,488	$ 20,807,028
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and other liabilities	$ 605,206	$ 407,747
Paycheck protection program loan, current	395,019	-
Promise to grant space, current	15,976	15,976
Total current liabilities	1,016,201	423,723
Paycheck Protection Program Loan, Less Current Portion	484,352	-
Promise to Grant Space, Less Current Portion	175,736	191,712
Total liabilities	1,676,289	615,435
Net Assets		
Without donor restrictions		
Undesignated	800,106	1,008,480
Investment in property and equipment	9,534,233	9,802,114
The Children's Center Trust	5,128,597	6,050,841
	15,462,936	16,861,435
With donor restrictions	3,778,263	3,330,158
Total net assets	19,241,199	20,191,593
Total liabilities and net assets	$ 20,917,488	$ 20,807,028

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support			
Contributions	$ 938,310	$ 1,158,175	$ 2,096,485
Special events, less cost of direct benefits to donors of $16,471	623,555	-	623,555
	1,561,865	1,158,175	2,720,040
Revenues			
Program services			
Federal and state contracts	525,595	-	525,595
Private contracts	881,291	-	881,291
Private fees	426,172	-	426,172
	1,833,058	-	1,833,058
Less contractual allowances	(167,398)	-	(167,398)
Less bad debt	(49,666)	-	(49,666)
Total program services revenue	1,615,994	-	1,615,994
Other federal service revenue	686,763	-	686,763
Endowment net investment return/(loss)	(25,949)	(20,912)	(46,861)
Other revenue	21,934	-	21,934
	682,748	(20,912)	661,836
Net assets released from restriction	689,158	(689,158)	-
Total public support and revenues	4,549,765	448,105	4,997,870
Expenses			
Program services			
Therapeutic Preschool	2,249,653	-	2,249,653
Training, Consultation and Research	730,347	-	730,347
Outpatient Services	1,653,166	-	1,653,166
Total program services	4,633,166	-	4,633,166
Supporting services			
Management and general	715,263	-	715,263
Fundraising	599,835	-	599,835
Total supporting services	1,315,098	-	1,315,098
Total program and supporting services expenses	5,948,264	-	5,948,264
Change in Net Assets	(1,398,499)	448,105	(950,394)
Net Assets, Beginning of Year	16,861,435	3,330,158	20,191,593
Net Assets, End of Year	$ 15,462,936	$ 3,778,263	$ 19,241,199

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support			
Contributions	$ 546,027	$ 250,809	$ 796,836
Special events, less cost of direct benefits to donors of $124,411	675,686	-	675,686
	1,221,713	250,809	1,472,522
Revenues			
Federal and state contracts	666,957	-	666,957
Private contracts	1,034,215	-	1,034,215
Private fees	529,899	-	529,899
	2,231,071	-	2,231,071
Less contractual allowances	(240,273)	-	(240,273)
Less bad debt	(47,114)	-	(47,114)
	1,943,684	-	1,943,684
Other federal service revenue	640,459	-	640,459
Endowment net investment return/(loss)	270,069	195,304	465,373
Other revenue	30,872	-	30,872
	941,400	195,304	1,136,704
Net Assets Released from Restrictions	549,048	(549,048)	-
Total public support and revenues	4,655,845	(102,935)	4,552,910
Expenses			
Program services			
Therapeutic Preschool	2,110,952	-	2,110,952
Training, Consultation and Research	698,241	-	698,241
Outpatient Services	1,465,192	-	1,465,192
Total program services	4,274,385	-	4,274,385
Supporting services			
Management and general	532,373	-	532,373
Fundraising	449,719	-	449,719
Total supporting services	982,092	-	982,092
Total program and supporting services expenses	5,256,477	-	5,256,477
Change in Net Assets	(600,632)	(102,935)	(703,567)
Net Assets, Beginning of Year	17,462,067	3,433,093	20,895,160
Net Assets, End of Year	$ 16,861,435	$ 3,330,158	$ 20,191,593

	Program Services				Supporting Services			
	Therapeutic Preschool	Training, Consultation and Research	Outpatient Services	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Salaries and related	$ 1,689,695	$ 601,746	$ 1,209,822	$ 3,501,263	$ 539,918	$ 472,299	$ 1,012,217	$ 4,513,480
Professional insurance	14,557	4,658	9,899	29,114	-	-	-	29,114
Office supplies	15,496	5,033	10,190	30,719	1,989	1,492	3,481	34,200
Program materials	17,698	9,374	8,367	35,439	-	-	-	35,439
Food	11,437	-	354	11,791	-	-	-	11,791
Postage and printing	5,043	1,913	3,283	10,239	1,118	19,113	20,231	30,470
Publications and testing material	1,118	344	2,178	3,640	248	3,947	4,195	7,835
Utilities	53,540	14,360	30,401	98,301	10,349	7,762	18,111	116,412
Repairs and maintenance	47,026	14,189	30,040	91,255	10,226	7,670	17,896	109,151
Janitorial service and supplies	34,192	6,838	20,515	61,545	3,419	3,419	6,838	68,383
Rent	117	27	54	198	14	14	28	226
Property insurance	7,158	1,483	3,139	11,780	1,069	802	1,871	13,651
Professional fees	20,274	2,359	188,638	211,271	118,138	505	118,643	329,914
Transportation	66,871	6,909	44	73,824	-	-	-	73,824
Meetings and conventions	31,245	15,293	41,466	88,004	1,174	1,174	2,348	90,352
Miscellaneous	18,945	4,986	10,526	34,457	5,894	78,981	84,875	119,332
Total expenses before depreciation	2,034,412	689,512	1,568,916	4,292,840	693,556	597,178	1,290,734	5,583,574
Depreciation	215,241	40,835	84,250	340,326	21,707	19,128	40,835	381,161
	2,249,653	730,347	1,653,166	4,633,166	715,263	616,306	1,331,569	5,964,735
Less expenses included with public support and revenues on the consolidated statement of activities								
Cost of direct benefits to donors	-	-	-	-	-	(16,471)	(16,471)	(16,471)
Total expenses included in the expense section on the consolidated statement of activities	$ 2,249,653	$ 730,347	$ 1,653,166	$ 4,633,166	$ 715,263	$ 599,835	$ 1,315,098	$ 5,948,264

	Program Services				Supporting Services			
	Therapeutic Preschool	Training, Consultation and Research	Outpatient Services	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Salaries and related	$ 1,522,955	$ 531,314	$ 1,169,559	$ 3,223,828	$ 377,803	$ 323,836	$ 701,639	$ 3,925,467
Professional insurance	16,912	5,412	11,500	33,824	-	-	-	33,824
Office supplies	18,275	13,487	11,980	43,742	2,862	2,147	5,009	48,751
Program materials	19,814	10,504	8,321	38,639	-	-	-	38,639
Food	14,994	-	464	15,458	-	37,944	37,944	53,402
Postage and printing	3,865	1,498	2,516	7,879	856	14,600	15,456	23,335
Publications and testing material	6,158	5,893	8,134	20,185	1,365	2,481	3,846	24,031
Utilities	55,138	14,680	31,079	100,897	10,581	7,935	18,516	119,413
Repairs and maintenance	46,415	13,218	27,984	87,617	9,527	7,145	16,672	104,289
Janitorial service and supplies	28,371	5,674	17,022	51,067	2,837	2,837	5,674	56,741
Rent	-	-	-	-	-	41,438	41,438	41,438
Property insurance	6,698	1,389	2,942	11,029	1,001	751	1,752	12,781
Professional fees	30,238	21,020	72,000	123,258	99,014	13,428	112,442	235,700
Bad debts and collection expense	7,067	-	40,047	47,114	-	-	-	47,114
Transportation	96,897	11,207	28	108,132	-	-	-	108,132
Meetings and conventions	14,251	17,984	8,731	40,966	818	818	1,636	42,602
Miscellaneous	17,388	4,366	9,162	30,916	4,121	99,762	103,883	134,799
Total expenses before depreciation	1,905,436	657,646	1,421,469	3,984,551	510,785	555,122	1,065,907	5,050,458
Depreciation	212,583	40,595	83,770	336,948	21,588	19,008	40,596	377,544
	2,118,019	698,241	1,505,239	4,321,499	532,373	574,130	1,106,503	5,428,002
Less expenses included with public support and revenues on the consolidated statement of activities								
Cost of direct benefits to donors	-	-	-	-	-	(124,411)	(124,411)	(124,411)
Bad debt reported as contra revenue	(7,067)	-	(40,047)	(47,114)	-	-	-	(47,114)
Total expenses included in the expense section on the consolidated statement of activities	$ 2,110,952	$ 698,241	$ 1,465,192	$ 4,274,385	$ 532,373	$ 449,719	$ 982,092	$ 5,256,477

	2020	2019
Reconciliation of Change in Net Assets to Net Cash from Operating Activities		
Change in net assets	$ (950,394)	$ (703,567)
Adjustments to reconcile change in net assets to net cash used for operating activities		
Depreciation	381,161	377,544
Promise to grant space	(15,976)	(15,976)
Endowment net investment (return)/loss	46,861	(465,373)
Change in operating assets and liabilities		
Accounts receivable	(18,976)	47,347
Unconditional promises to give	(576,961)	34,472
Prepaid expenses and other assets	(5,731)	2,173
Accounts payable and aother liabilities	197,459	(50,521)
Net Cash used for Operating Activities	(942,557)	(773,901)
Investing Activities		
Purchase of property and equipment	(113,280)	(28,886)
Purchases of endowment investments	5,704,316	(5,893,269)
Proceeds from sales of endowment investments	(5,704,316)	5,893,269
Distribution from endowment	1,050,000	644,000
Net Cash from Investing Activities	936,720	615,114
Financing Activities		
Proceeds from Paycheck Protection Program loan	879,371	-
Net Cash from Financing Activities	879,371	-
Net Change in Cash and Cash Equivalents	873,534	(158,787)
Cash and Cash Equivalents, Beginning of Year	1,403,317	1,562,104
Cash and Cash Equivalents, End of Year	$ 2,276,851	$ 1,403,317

Note 1 - Principal Activity and Significant Accounting Policies

Operational Purpose

Founded in 1962 by Dr. Agi Plenk, The Children's Center (TCC) provides comprehensive mental health care to enhance the emotional well-being of infants, toddlers, preschoolers, and their families. The organization operates two treatment facilities, one in Kearns and one in Salt Lake City. The only clinical agency of its kind in Utah, and one of the largest in the country, The Children's Center is the recognized local expert in evidence-based, trauma-informed treatments for preschool-aged children with emotional and behavioral concerns. The Children's Center believes in being a resource for community organizations and a training center to improve care for young children and their families. The Children's Center's programs consist of the following:

Therapeutic Preschool: Provides treatment for preschool-aged children with emotional and behavioral problems, three hours per day, five days per week, 52 weeks per year.

Training, Consultation and Research: Provides training and consultation for mental health clinicians, community professionals, and staff in childcare centers and preschool providers to improve and enhance mental health services to young children in the State of Utah.

Outpatient Services: Provides psychological evaluations, mental health assessments, psychiatric evaluations, weekly therapy groups for children with emotional and behavioral problems, as well as therapy with children and families.

The Children's Center Endowment Trust (the Trust) is a separate nonprofit entity, governed by a board of seven trustees, which holds investments to provide for the future needs of The Children's Center. Earnings from the Trust's investments are not restricted by the terms of the endowment and are used for capital improvements, research, and program development.

Historic Oquirrh School Manager, Inc., a wholly-owned subsidiary, was formed on September 3, 2008. This entity was formed to own and operate the Historic Oquirrh School (the School). The Children's Center renovated the School and uses it as its administrative office and treatment center in Salt Lake City, Utah. The Children's Center moved into the School in July 2009.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts and operations of The Children's Center and the Trust because The Children's Center has both control and an economic interest in the Trust. The accounts and operations of Historic Oquirrh School Manager, Inc., wholly-owned by The Children's Center, are also included in the consolidated financial statements. All significant intercompany accounts and transactions have been eliminated in consolidation. Unless otherwise noted, the consolidated entities are hereinafter referred to as "TCC."

Cash and Cash Equivalents

TCC considers all cash and highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to capital expenditures, permanent endowment, or other long-term purposes of TCC are excluded from this definition.

Accounts Receivable and Credit Policies

Accounts receivable consist primarily of noninterest-bearing amounts due for therapeutic programs. Management determines the allowance for uncollectable accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectable. At June 30, 2020 and 2019, the allowance was $160,000.

Unconditional Promises to Give

Unconditional promises to give expected to be collected within one year are recorded at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discount is included in contribution revenue in the consolidated statements of activities. Allowance for uncollectable promises to give is determined based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable.

Property and Equipment

Property and equipment additions over $500 are recorded at cost or, if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from 4 to 40 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any remaining gain or loss is included in the consolidated statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The carrying values of property and equipment are reviewed for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent the carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended June 30, 2020 and 2019.

Investments

Investment purchases are recorded at cost or, if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the consolidated statements of financial position. Net investment return is reported in the consolidated statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less investment management and custodial fees.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for a board-designated endowment.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) restrictions. Some donor imposed (or grantor) restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

TCC reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

Revenue and Revenue Recognition

Contributions, including public support and other federal service revenue as shown on the consolidated statement of activities for the year ended June 30, 2020, are recognized when cash, securities or other assets, an unconditional promise to give, or 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 substantially met. Consequently, at June 30, 2020, conditional contributions consisting mainly of cost reimbursement grants where costs were not yet incurred at June 30, 2020 and, for which no amounts had been received in advance and approximating $495,000 have not been recognized in the accompanying consolidated financial statements. TCC records special events revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place.

TCC recognizes all revenues from program services at the time services are performed. Program service fees and payments under contracts received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively.

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to TCC's program services, administration, and fundraising and development activities; however, the consolidated financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. TCC records donated professional services at the respective fair values of the services received. No significant contributions of such goods or services were received during the years ended June 30, 2020 and 2019.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The consolidated financial statements report certain categories of expenses that are attributed to more than one program or supporting function.

Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, depreciation, and amortization, which are allocated on a square footage basis, as well as salaries and related professional fees, office expenses, information technology, insurance, and other, which are allocated on the basis of estimates of time and effort.

Income Taxes

The Children's Center and The Children's Center Endowment Trust are organized as Utah nonprofit corporations and have been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as organizations described in Section 501(c)(3), that qualify for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and (viii), and have been determined not to be private foundations under Sections 509(a)(1) and (3), respectively. Each entity is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the entities are subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. Each entity has determined it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Historic Oquirrh School Manager, Inc. is taxed as a corporation but does not have any significant differences between book and tax accounting. Therefore, no tax provision is recorded in the accompanying consolidated financial statements.

Each entity believes that it has appropriate support for any tax positions taken affecting its annual filing requirements and, as such, does not have any uncertain tax positions that are material to the consolidated financial statements. The entities would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Estimates

The preparation of consolidated 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 at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and those differences could be material.

Financial Instruments and Credit Risk

TCC manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, TCC has not experienced losses in any of these accounts. Credit risk associated with accounts receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from board members, governmental agencies, and foundations supportive of TCC's mission. Investments are made by diversified investment managers whose performance is monitored by management and the Investment Committee of the Board of Trustees (the Board). Although the fair values of investments are subject to fluctuation on a year-to-year basis, management and the Investment Committee believe that the investment policies and guidelines are prudent for the long-term welfare of TCC.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying consolidated financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Contribution Revenue Not Recognized

TCC was granted a $879,371 loan under the Payment Protection Program (PPP) administered by a Small Business Administration (SBA) approved partner. The loan is uncollateralized and is fully guaranteed by the Federal government. TCC is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. TCC has initially recorded the loan as a refundable advance and will record the forgiveness in accordance with guidance for conditional contributions when there is no longer a measurable performance or other barrier and a right of return of the PPP loan or when such conditions are explicitly waived. Proceeds from the loan are eligible for forgiveness if TCC maintains employment levels during its covered period and uses the funds for certain payroll, rent, and utility expenses. No contribution revenue has been recorded for the year ended June 30, 2020. TCC will be required to repay any remaining balance, plus interest accrued at 1% in monthly payments commencing in October 10, 2020, principal and interest payments will be required through the maturity date of April 10, 2022.

Adoption of FASB Accounting Standards Update 2014-09

As of July 1, 2019, TCC adopted Accounting Standards Update (ASU) 2014-09 – *Revenue from Contracts with Customers (Topic 606)*, as amended as management believes the standard improves the usefulness and understandability of TCC's financial reporting. Analysis of various provisions of this standard resulted in no significant changes in the way TCC recognizes revenue and, therefore, no changes to the previously issued audited consolidated financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

Adoption of FASB Accounting Standards Update 2018-08

TCC has adopted the provisions of Accounting Standards Update (ASU) 2018-08 – *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* applicable to contributions received. ASU 2018-08 clarifies and improves the scope and the accounting guidance for contributions received and contributions made. Management has adopted this standard because it assists TCC in evaluating whether transactions should be accounted for as contributions or exchange transactions and in determining whether a contribution is conditional. As of July 1, 2019, TCC has implemented the provisions of ASU 2018-08 applicable to contributions received on a modified prospective basis to agreements that were not completed as of the date of adoption or were entered after the date of adoption. Management has determined the adoption of this standard did not have a significant impact on TCC's consolidated financial statements.

Subsequent Events

TCC has evaluated subsequent events through December 14, 2020, the date the consolidated financial statements were available to be issued.

Note 2 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated statement of financial position date, comprise the following at June 30, 2020 and 2019:

	2020	2019
Cash and cash equivalents	$ 2,276,851	$ 1,403,317
Accounts receivable	248,879	229,903
Promises to give	451,406	214,445
Endowment spending-rate distributions and appropriations - board designated (estimated)	1,130,871	1,380,892
	$ 4,108,007	$ 3,228,557

Endowment funds consist of donor-restricted endowments and funds designated by the Board as endowments. Income from the donor-restricted endowment funds and funds designated by the Board are both available for general expenditure. The endowment is subject to an annual spending rate formula as described in Note 6. Although TCC does not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation), the funds designated by the Board could be made available for operational purposes if necessary.

Additionally, TCC has a business revolving line of credit that can be drawn up to $500,000 (Note 7).

Note 3 - Promises to Give

Unconditional promises to give are estimated to be collected as follows at June 30, 2020 and 2019:

	2020	2019
Within one year	$ 452,545	$ 215,584
In one to five years	340,000	-
Discount and allowance	(1,139)	(1,139)
	$ 791,406	$ 214,445

Note 4 - Property and Equipment

Property and equipment consists of the following at June 30, 2020 and 2019:

	2020	2019
Land	$ 2,051,925	$ 2,051,925
Buildings and leasehold improvements	11,236,036	11,210,159
Furniture, fixtures and equipment	1,197,877	1,133,735
Land improvements	244,233	244,233
	14,730,071	14,640,052
Less accumulated depreciation and amortization	(5,195,838)	(4,837,938)
	$ 9,534,233	$ 9,802,114

Note 5 - Fair Value Measurements and Disclosures

Certain assets are reported at fair value in the consolidated financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that TCC can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, TCC develops inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to TCC's assessment of the quality, risk or liquidity profile of the asset or liability.

TCC's endowment investment assets are classified within Level 1 because they are comprised of common stocks with readily determinable fair values based on quoted market prices and open-end mutual funds with readily determinable fair values based on daily redemption values.

The following table presents assets measured at fair value on a recurring basis at June 30, 2020:

Assets	Total	Fair Value Measurements at Report Date Using Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and money market funds (at cost)	$ 445,187	$ -	$ -	$ -
Common stocks	2,070,024	2,070,024	-	-
Mutual funds - stocks	3,519,779	3,519,779	-	-
Mutual funds - bonds	1,729,505	1,729,505	-	-
Mutual funds - real assets	162,157	162,157	-	-
Mutual funds - alternatives	99,302	99,302	-	-
Total assets at fair value	$ 8,025,954	$ 7,580,767	$ -	$ -

The following table presents assets measured at fair value on a recurring basis at June 30, 2019:

Assets	Total	Fair Value Measurements at Report Date Using Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and money market funds (at cost)	$ 922,963	$ -	$ -	$ -
Common stocks	2,901,673	2,901,673	-	-
Mutual funds - stocks	2,984,755	2,984,755	-	-
Mutual funds - bonds	1,921,703	1,921,703	-	-
Mutual funds - real assets	198,185	198,185	-	-
Mutual funds - alternatives	100,931	100,931	-	-
Mutual funds - other	92,605	92,605	-	-
Total assets at fair value	$ 9,122,815	$ 8,199,852	$ -	$ -

Note 6 - Endowment

TCC's endowment (the Endowment) was established by donors to provide annual funding for specific activities and general operations. The Endowment also includes certain unrestricted net assets designated for quasi-endowment by the Board. Net assets associated with Endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

TCC's Board has interpreted the Utah Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted Endowment funds, unless there are explicit donor stipulations to the contrary. At June 30, 2020 and 2019, there were no such donor stipulations. As a result of this interpretation, TCC classifies as net assets with donor restrictions (a) the original value of gifts donated to the Endowment, (b) the original value of subsequent gifts donated to the Endowment (including promises to give net of discount and allowance for doubtful accounts, and (c) accumulations to the Endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. The remaining portion of the donor-restricted Endowment is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by TCC in a manner consistent with the standard of prudence prescribed by UPMIFA.

The following factors are considered in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the organization
- The investment policies of the organization

The Endowment net asset composition by type of fund is as follows:

	Without Donor Restriction	With Donor Restriction	Total
June 30, 2020			
Board-designated quasi-endowment	$ 5,128,597	$ -	$ 5,128,597
Donor-restricted endowment	-	2,897,357	2,897,357
	$ 5,128,597	$ 2,897,357	$ 8,025,954
June 30, 2019			
Board-designated quasi-endowment	$ 6,050,841	$ -	$ 6,050,841
Donor-restricted endowment	-	3,071,974	3,071,974
	$ 6,050,841	$ 3,071,974	$ 9,122,815

Investment and Spending Policies

The Endowment was established to support the treatment of young children with emotional and behavioral problems and their families. Amounts, once appropriated by the Board, may be distributed for the unrestricted use of TCC.

The investment objective is to preserve and grow principal. The spending policy for the Endowment was established to allow for growth in excess of the long-term inflation rate. Distributions of income and up to 25% of the principal may be made with approval of the Board.

Changes in Endowment net assets for the year ending June 30, 2020, are as follows:

	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets, beginning of year	$ 6,050,841	$ 3,071,974	$ 9,122,815
Investment return			
Investment income, net of fees	72,170	55,873	128,043
Net realized and unrealized gain	(98,119)	(76,785)	(174,904)
	6,024,892	3,051,062	9,075,954
Distributions	(1,050,000)	-	(1,050,000)
Appropriation of endowment assets pursuant to spending-rate policy	153,705	(153,705)	-
Endowment net assets, end of year	$ 5,128,597	$ 2,897,357	$ 8,025,954

Changes in Endowment net assets for the year ending June 30, 2019, are as follows:

	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets, beginning of year	$ 6,281,266	$ 3,020,176	$ 9,301,442
Investment return			
Investment income, net of fees	75,530	54,614	130,144
Net realized and unrealized loss	194,539	140,690	335,229
	6,551,335	3,215,480	9,766,815
Distributions	(644,000)	-	644,000
Appropriation of endowment assets pursuant to spending-rate policy	143,506	(143,506)	-
Endowment net assets, end of year	$ 6,050,841	$ 3,071,974	$ 9,122,815

Endowment assets are invested as follows at June 30, 2020 and 2019:

	2020	2019
Cash and cash equivalents	$ 445,187	$ 922,963
Investments	7,580,767	8,199,852
	$ 8,025,954	$ 9,122,815

Note 7 - Line of Credit

During the year ended June 30, 2020, TCC entered into a $500,000 revolving line of credit with a bank, secured by the endowment and generally all assets of TCC. Borrowings under the line bear interest at the three month London Interbank Offered Rate (LIBOR) plus 1.9% (2.32% at June 30, 2020). Unused commitments are subject to interest at a rate of 0.25% per annum. Accrued interest and principal are due at maturity (February 13, 2021). The agreement requires TCC to comply with certain financial and non-financial covenants. At June 30, 2020, there was no outstanding balance on the line of credit.

Note 8 - Promise to Grant Space

During the year ended June 30, 2018, TCC entered into a lease agreement with an unrelated nonprofit organization wherein TCC committed to lease space to the nonprofit organization rent-free for a period of 15 years. In connection with this lease agreement, TCC recorded a promise to grant space liability and is amortizing the liability over the term of the lease. The value of the promise to grant space was determined based on the estimated fair value of the leased space. At June 30, 2020 and 2019, the promise to grant space liability totals $191,712 and $207,688, respectively. During the years ended June 30, 2020 and 2019, $15,976 of the promise to grant space liability has been amortized and included in other revenue in the consolidated statements of activities.

Note 9 - Employee Benefits

TCC sponsors a defined contribution retirement plan (the Plan). Eligible employees can make contributions to the Plan on a pre-tax basis. TCC offers a three-year vesting schedule, with 50% at the end of year two and 100% at year three, immediate dollar-for-dollar matching up to 5% of their annual salary. During the years ended June 30, 2020 and 2019, TCC contributed $106,591 and $102,569, respectively, to the Plan.

Note 10 - Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods:

	2020	2019
Subject to Expenditure for Specified Purpose		
Outpatient Services, Training, Capital Improvements	$ 89,500	$ 43,739
Subject to the Passage of Time		
Promises to give that are not restricted by donors, but which are unavailable for expenditure until due	791,406	214,445
Endowments		
Perpetual in nature, earnings from which are subject to endowment spending policy appropriation	902,357	1,076,974
Perpetual in nature, not subject to spending policy or appropriation	1,995,000	1,995,000
	$ 3,778,263	$ 3,330,158

Appropriations of earnings on endowment funds are available for the unrestricted use of TCC subject to appropriation by the Board.

Note 11 - Contingencies

TCC is subject to the usual contingencies in the normal course of operations relating to the performance of its tasks under its various programs. In the opinion of management, the ultimate settlement of any litigation, claims, and disputes in process will not have a material adverse effect on TCC.

TCC has continued to be negatively impacted by the effects of the world-wide coronavirus pandemic. TCC is closely monitoring its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the date of issuance of these consolidated financial statements, the full impact to the TCC’s financial position is not known.

Supplementary Information
June 30, 2020 and 2019

The Children's Center and Affiliates

	The Children's Center	The Children's Center Endowment Trust	Historic Oquirrh School Manager, Inc.	Eliminations	Total
Assets					
Current Assets					
Cash and cash equivalents	$ 1,561,553	$ -	$ 715,298	$ -	$ 2,276,851
Accounts receivable, net	248,879	-	57,240	(57,240)	248,879
Unconditional promises to give, net	451,406	-	-	-	451,406
Prepaid expenses and other assets	40,165	-	-	-	40,165
Total current assets	2,302,003	-	772,538	(57,240)	3,017,301
Property and Equipment, Net	3,072,746	-	6,461,487	-	9,534,233
Unconditional Promises to Give, Less Current Portion	340,000	-	-	-	340,000
Endowment	-	8,025,954	-	-	8,025,954
Other Assets	7,069,345	-	-	(7,069,345)	-
Total assets	$ 12,784,094	$ 8,025,954	$ 7,234,025	$ (7,126,585)	$ 20,917,488
Liabilities and Net Assets					
Current Liabilities					
Accounts payable and other liabilities	$ 662,446	$ -	$ -	$ (57,240)	$ 605,206
PPP loan, current	395,019	-	-	-	395,019
Promise to grant space, current	15,976	-	-	-	15,976
Total current liabilities	1,073,441	-	-	(57,240)	1,016,201
PPP Loan, Less Current Portion	484,352	-	-	-	484,352
Promise to Grant Space, Less Current Portion	175,736	-	-	-	175,736
Total liabilities	1,733,529	-	-	(57,240)	1,676,289
Net Assets					
Equity	-	-	7,234,025	(7,234,025)	-
Without donor restrictions					
Undesignated	635,426	-	-	164,680	800,106
Investment in property and equipment	9,534,233	-	-	-	9,534,233
The Children's Center Trust	-	5,128,597	-	-	5,128,597
	10,169,659	5,128,597	-	164,680	15,462,936
With donor restrictions	880,906	2,897,357	-	-	3,778,263
Total net assets	11,050,565	8,025,954	7,234,025	(7,069,345)	19,241,199
Total liabilities and net assets	$ 12,784,094	$ 8,025,954	$ 7,234,025	$ (7,126,585)	$ 20,917,488

	The Children's Center	The Children's Center Endowment Trust	Historic Oquirrh School Manager, Inc.	Eliminations	Total
Assets					
Current Assets					
Cash and cash equivalents	$ 818,016	$ -	$ 585,301	$ -	$ 1,403,317
Accounts receivable, net	229,858	-	39,607	(39,562)	229,903
Unconditional promises to give, net	214,445	-	-	-	214,445
Prepaid expenses and other assets	34,434	-	-	-	34,434
Total current assets	1,296,753	-	624,908	(39,562)	1,882,099
Property and Equipment, Net	3,082,651	-	6,719,463	-	9,802,114
Endowment	-	9,122,815	-	-	9,122,815
Other Assets	7,069,345	-	-	(7,069,345)	-
Total assets	$ 11,448,749	$ 9,122,815	$ 7,344,371	$ (7,108,907)	$ 20,807,028
Liabilities and Net Assets					
Current Liabilities					
Accounts payable and other liabilities	$ 445,202	$ -	$ 2,107	$ (39,562)	$ 407,747
Promise to grant space, current	15,976	-	-	-	15,976
Total current liabilities	461,178	-	2,107	(39,562)	423,723
Promise to Grant Space, Less Current Portion	191,712	-	-	-	191,712
Total liabilities	652,890	-	2,107	(39,562)	615,435
Net Assets					
Equity	-	-	7,342,264	(7,342,264)	-
Without donor restrictions					
Undesignated	735,561	-	-	272,919	1,008,480
Investment in property and equipment	9,802,114	-	-	-	9,802,114
The Children's Center Trust	-	6,050,841	-	-	6,050,841
	10,537,675	6,050,841	-	272,919	16,861,435
With donor restrictions	258,184	3,071,974	-	-	3,330,158
Total net assets	10,795,859	9,122,815	7,342,264	(7,069,345)	20,191,593
Total liabilities and net assets	$ 11,448,749	$ 9,122,815	$ 7,344,371	$ (7,108,907)	$ 20,807,028

	The Children's Center	The Children's Center Endowment Trust	Historic Oquirrh School Manager, Inc.	Eliminations	Total
Public Support					
Contributions	$ 2,096,485	$ -	$ -	$ -	$ 2,096,485
Special events, less cost of direct benefits to donors of $16,471	623,555	-	-	-	623,555
	2,720,040	-	-	-	2,720,040
Revenues					
Federal and state contracts	525,595	-	-	-	525,595
Private contracts	881,291	-	-	-	881,291
Private fees	426,172	-	-	-	426,172
	1,833,058	-	-	-	1,833,058
Less contractual allowances	(167,398)	-	-	-	(167,398)
Less bad debt	(49,666)	-	-	-	(49,666)
	1,615,994	-	-	-	1,615,994
Other federal service revenue	686,763	-	-	-	686,763
Endowment net investment return	-	(46,861)	-	-	(46,861)
Rental income	-	-	150,000	(150,000)	-
Other revenue	21,934	-	-	-	21,934
	708,697	(46,861)	150,000	(150,000)	661,836
Total public support and revenues	5,044,731	(46,861)	150,000	(150,000)	4,997,870
Expenses					
Program services					
Therapeutic Preschool	2,173,766	-	141,887	(66,000)	2,249,653
Training, Consultation and Research	722,970	-	28,377	(21,000)	730,347
Outpatient Services	1,638,832	-	59,334	(45,000)	1,653,166
Total program services	4,535,568	-	229,598	(132,000)	4,633,166
Supporting services					
Management and general	708,521	-	15,742	(9,000)	715,263
Fundraising	595,936	-	12,899	(9,000)	599,835
Total supporting services	1,304,457	-	28,641	(18,000)	1,315,098
Total program and supporting services expenses	5,840,025	-	258,239	(150,000)	5,948,264
Change in Net Assets	(795,294)	(46,861)	(108,239)	-	(950,394)
Net Assets, Beginning of Year	10,795,859	9,122,815	7,342,264	(7,069,345)	20,191,593
Transfer of net assets	1,050,000	(1,050,000)	-	-	-
Net Assets, End of Year	$ 11,050,565	$ 8,025,954	$ 7,234,025	$ (7,069,345)	$ 19,241,199

	The Children's Center	The Children's Center Endowment Trust	Historic Oquirrh School Manager, Inc.	Eliminations	Total
Public Support					
Contributions	$ 796,836	$ -	$ -	$ -	$ 796,836
Special events, less cost of direct benefits to donors of $109,151	675,686	-	-	-	675,686
	1,472,522	-	-	-	1,472,522
Revenues					
Federal and state contracts	666,957	-	-	-	666,957
Private contracts	1,034,215	-	-	-	1,034,215
Private fees	529,899	-	-	-	529,899
	2,231,071	-	-	-	2,231,071
Less contractual allowances	(240,273)	-	-	-	(240,273)
Less bad debt	(47,114)	-	-	-	(47,114)
	1,943,684	-	-	-	1,943,684
Other federal service revenue	640,459	-	-	-	640,459
Endowment net investment return	-	465,373	-	-	465,373
Rental income	-	-	150,000	(150,000)	-
Other revenue	30,872	-	-	-	30,872
	671,331	465,373	150,000	(150,000)	1,136,704
Total public support and revenues	4,087,537	465,373	150,000	(150,000)	4,552,910
Expenses					
Program services					
Therapeutic Preschool	2,035,065	-	141,887	(66,000)	2,110,952
Training, Consultation and Research	690,864	-	28,377	(21,000)	698,241
Outpatient Services	1,450,858	-	59,334	(45,000)	1,465,192
Total program services	4,176,787	-	229,598	(132,000)	4,274,385
Supporting services					
Management and general	524,892	-	16,481	(9,000)	532,373
Fundraising	445,820	-	12,899	(9,000)	449,719
Total supporting services	970,712	-	29,380	(18,000)	982,092
Total program and supporting services expenses	5,147,499	-	258,978	(150,000)	5,256,477
Change in Net Assets	(1,059,962)	465,373	(108,978)	-	(703,567)
Net Assets, Beginning of Year	11,211,821	9,301,442	7,451,242	(7,069,345)	20,895,160
Transfer of net assets	644,000	(644,000)	-	-	-
Net Assets, End of Year	$ 10,795,859	$ 9,122,815	$ 7,342,264	$ (7,069,345)	$ 20,191,593