

**COMMUNITY DEVELOPMENT
INSTITUTE HEAD START**

SINGLE AUDIT REPORTS

JUNE 30, 2021

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**Independent Auditors' Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

To the Board of Directors
Community Development Institute Head Start

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Community Development Institute Head Start (a nonprofit organization), which comprise the Consolidated Statement of Financial Position as of June 30, 2021, and the related Consolidated Statements of Activities, Functional Expenses, and Cash Flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated February 16, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Community Development Institute Head Start's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Community Development Institute Head Start's internal control. Accordingly, we do not express an opinion on the effectiveness of Community Development Institute Head Start's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Community Development Institute Head Start's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or either matters that are required to be reported under Government Auditing Standards.

**Independent Auditors' Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***
continued

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Harrington Group

Pasadena, California
February 16, 2022

**Independent Auditors' Report on Compliance for Each Major Program;
Report on Internal Control Over Compliance; and Report on the Schedule of
Expenditures of Federal and Non-federal Awards in Accordance with the Uniform Guidance**

To the Board of Directors
Community Development Institute Head Start

Report on Compliance for Each Major Federal Program

We have audited Community Development Institute Head Start compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of Community Development Institute Head Start's major federal programs for the year ended June 30, 2021. Community Development Institute Head Start's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Community Development Institute Head Start's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Community Development Institute Head Start's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for major federal programs. However, our audit does not provide a legal determination of Community Development Institute Head Start's compliance.

Opinion on Each Major Federal Program

In our opinion, Community Development Institute Head Start complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

**Independent Auditors' Report on Compliance for Each Major Program;
Report on Internal Control Over Compliance; and Report on the Schedule of
Expenditures of Federal and Non-federal Awards in Accordance with the Uniform Guidance**
continued

Report on Internal Control Over Compliance

Management of Community Development Institute Head Start is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Community Development Institute Head Start's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Community Development Institute Head Start's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

**Independent Auditors' Report on Compliance for Each Major Program;
Report on Internal Control Over Compliance; and Report on the Schedule of
Expenditures of Federal and Non-federal Awards in Accordance with the Uniform Guidance**
continued

**Report on Schedule of Expenditures of Federal and Non-federal Awards Required by the Uniform
Guidance**

We have audited the consolidated financial statements of Community Development Institute Head Start as of and for the year ended June 30, 2021, and have issued our report thereon dated February 16, 2022, which contained an unmodified opinion on those consolidated financial statements. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal and non-federal awards is presented for purposes of additional analysis as required by the audit Requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is 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 the 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 schedule of expenditures of federal and non-federal awards is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Harrington Group

Pasadena, California
February 16, 2022

**COMMUNITY DEVELOPMENT
INSTITUTE HEAD START**

SCHEDULE OF EXPENDITURES OF FEDERAL AND NON-FEDERAL AWARDS
For the year ended June 30, 2021

Federal Grantor Agency/Pass-Through Grantor/Program Title	Contract Number	Federal Assistance Listing Number	Contract Term	Program Award	Government Revenue		Program Expenditures	Pass-through to Sub-recipients
					Federal	Non-federal		
Federal Awards								
U.S. Department of Health and Human Services ("DHHS"):								
Directly from DHHS, Head Start:								
Head Start (Cape Cod, MA #02)	90CH010874/02	93.600	01/01/20 - 12/31/20	\$ 2,816,893	\$ 869,603	\$ -	\$ 869,603	\$ -
Head Start (Chilton, Autauga, Shelby, and Elmore Counties, AL #03)	90CH010500/03	93.600	06/21/19 - 06/20/20	11,217,285	207,253		207,253	
Head Start (Chilton, Autauga, Shelby, and Elmore Counties, AL #04)	90CH010500/04	93.600	06/21/20 - 06/20/22	5,387,846	2,085,281		2,085,281	
Head Start (DeKalb and Rockdale Counties, GA #03)	90CH010504/03	93.600	05/01/19 - 04/30/20	856,824	134,356		134,356	
Head Start (DeKalb and Rockdale Counties, GA #04)	90CH010504/04	93.600	05/01/20 - 04/30/21	11,369,888	7,662,017		7,662,017	
Head Start (DeKalb and Rockdale Counties, GA #05)	90CH010504/05	93.600	05/01/21 - 04/30/22	2,965,411	698,034		698,034	
Head Start (Dubuque, Delaware and Jackson Counties, IA #02)	90CH011212/02	93.600	11/01/19 - 10/31/20	2,017,129	435,891		435,891	
Head Start (East Virginia #04)	90CH010458/04	93.600	12/01/19 - 11/30/20	1,197,823	408,204		408,204	
Head Start (East Virginia #05)	90CH010458/05	93.600	12/01/20 - 11/30/21	1,150,676	556,345		556,345	
Head Start (Eastern Oklahoma #01)	90CH011371/01	93.600	12/01/19 - 11/30/20	11,084,069	3,624,611		3,624,611	
Head Start (Eastern Oklahoma #02)	90CH011371/02	93.600	12/01/20 - 11/30/21	8,894,737	5,268,499		5,268,499	
Head Start (Frederick and Clarke Counties, VA #03)	90CH010692/03	93.600	03/01/20 - 02/28/21	681,968	92,123		92,123	
Head Start (Hartford and Middlesex Counties, CT #03)	90CH010683/03	93.600	01/01/20 - 12/31/20	6,121,942	805,639		805,639	
Head Start (Hendricks, Morgan, and Owen Counties, IN #02)	90CH011064/02	93.600	03/01/20 - 02/28/21	2,863,779	1,792,837		1,792,837	
Head Start (Hendricks, Morgan, and Owen Counties, IN #03)	90CH011064/03	93.600	03/01/21 - 02/28/22	2,858,786	879,370		879,370	
Head Start (Kittitas County, WA #02)	90CH010834/02	93.600	01/01/20 - 12/31/20	1,056,462	72,379		72,379	
Head Start (Lafayette, Iberia, and St. Martin Parishes, LA #03)	90CH010505/03	93.600	07/26/19 - 07/25/20	13,162,587	1,319,826		1,319,826	
Head Start (Lafayette, Iberia, and St. Martin Parishes, LA #04)	90CH010505/04	93.600	07/26/20 - 07/25/21	7,392,304	5,032,107		5,032,107	
Head Start (Lake County, IL #01)	90CH011760/01	93.600	07/01/20 - 06/30/21	4,631,270	2,561,100		2,561,100	
Head Start (Lake County, IL #02)	90CH011760/02	93.600	07/01/21 - 06/30/22	4,248,039	54,901		54,901	
Head Start (Lower Manhattan, NY #01)	90CH011811/01	93.600	09/01/20 - 08/31/21	1,941,711	429,926		429,926	
Head Start (Martin County, FL #03)	90CH010513/03	93.600	09/25/19 - 09/24/20	504,295	54,710		54,710	
Head Start (Mid-Cumberland, TN #01)	90CH011243/01	93.600	09/01/19 - 08/31/20	8,171,818	1,306,153		1,306,153	
Head Start (Mid-Cumberland, TN - CC Partnership #01)	90HP000413/01	93.600	09/01/19 - 08/31/20	913,759	187,567		187,567	
Head Start (Mid-Region Mississippi #04)	90CH010300/04	93.600	11/16/18 - 06/30/21	2,455,681	(72,269)		(72,269)	
Head Start (Multi-State Migrant and Seasonal #03)	90CH010533/03	93.600	02/01/20 - 01/31/22	59,932,829	26,997,007		26,997,007	
Head Start (Niagara County, NY #01)	90CH011757/01	93.600	07/01/20 - 12/31/20	3,754,974	2,122,238		2,122,238	
Head Start (Niagara County, NY #02)	90CH011757/02	93.600	01/01/21 - 12/31/21	4,714,066	2,258,171		2,258,171	
Head Start (North West Colorado Migrant Seasonal #04)	90CH010461/04	93.600	04/15/20 - 04/14/21	1,905,102	831,830		831,830	
Head Start (Outer Wayne County, MI #02)	90CH010597/02	93.600	05/01/19 - 04/30/20	1,775,318	(62)		(62)	
Head Start (Rockaway Beach, NY #05)	90CH010165/05	93.600	07/01/19 - 06/30/20	3,623,376	54,157		54,157	
Head Start (Rockaway Beach, NY #06)	90CH010165/06	93.600	07/01/20 - 06/30/21	3,482,924	2,774,978		2,774,978	
Head Start (Rockaway Beach, NY #07)	90CH012072/01	93.600	06/30/21 - 06/30/22	463,709	114,513		114,513	
Head Start (Santa Clara County, CA #02)	90CH011173/02	93.600	01/01/20 - 12/31/20	5,287,360	(89,054)		(89,054)	
Head Start (South and West Philadelphia, PA #03)	90CH010595/03	93.600	11/01/19 - 10/31/20	5,287,294	293,000		293,000	
Head Start (South Central Colorado #01)	90CH011810/01	93.600	09/01/20 - 08/31/21	12,095,864	8,178,932		8,178,932	
Head Start (Southeast Arkansas #02)	90CH010899/02	93.600	04/01/20 - 03/31/21	2,872,801	1,892,787		1,892,787	
Head Start (Southeast Arkansas #03)	90CH010899/03	93.600	04/01/21 - 03/31/22	1,076,148	560,872		560,872	
Head Start (Starr and Zapata Counties, TX #05)	90CH010534/03	93.600	02/01/20 - 01/31/21	3,710,023	230,113		230,113	
Head Start (Sumter County, SC #01)	90CH011172/01	93.600	06/01/19 - 05/31/20	1,326,435	(36,694)		(36,694)	
Head Start (Sumter County, SC #02)	90CH011172/02	93.600	06/01/20 - 05/31/21	443,573	269,032		269,032	
Head Start (Vermilion, Iroquois, and Ford Counties, IL #01)	90CH011821/01	93.600	09/01/20 - 08/31/21	6,688,339	3,643,604		3,643,604	

**COMMUNITY DEVELOPMENT
INSTITUTE HEAD START**

SCHEDULE OF EXPENDITURES OF FEDERAL AND NON-FEDERAL AWARDS
For the year ended June 30, 2021
continued

Federal Grantor Agency/Pass-Through Grantor/Program Title	Contract Number	Federal Assistance Listing Number	Contract Term	Program Award	Government Revenue		Program Expenditures	Pass-through to Sub-recipients
					Federal	Non-federal		
Head Start (West Central Missouri #01)	90CH01089/01	93.600	06/01/19 - 05/31/20	3,982,411	(1,217,907)		(1,217,907)	
Head Start (West Central Missouri #01 Delegate - Calhoun R-VII School District)	90CH01089/01	93.600	06/01/19 - 05/31/20					(127,623)
Head Start (West Central Missouri #01 Delegate - Clinton School District)	90CH01089/01	93.600	06/01/19 - 05/31/20					(126,314)
Head Start (West Central Missouri #02)	90CH01089/02	93.600	06/01/20 - 05/31/21	7,248,236	4,961,934		4,961,934	
Head Start (West Central Missouri #02 Delegate - Calhoun R-VII School District)	90CH01089/02	93.600	06/01/20 - 05/31/21					473,546
Head Start (West Central Missouri #02 Delegate - Clinton School District)	90CH01089/02	93.600	06/01/20 - 05/31/21					402,734
Head Start (West Central Missouri #03)	90CH01089/03	93.600	06/01/21 - 05/31/22	4,748,085	55,930		55,930	
Head Start (West Central Missouri #03 Delegate - Clinton School District)	90CH01089/03	93.600	06/01/21 - 05/31/22					35,085
Head Start (Western Georgia #02)	90CH010727/02	93.600	11/01/19 - 10/31/20	7,281,890	983,166		983,166	
Head Start (Northwest Wisconsin #01)	90CH012022/01	93.600	06/01/21 - 11/30/21	1,801,637	20,290		20,290	
Total Operations				254,904,576	91,365,300	-	91,365,300	657,428
CARES Act								
Head Start (Dekalb and Rockdale Counties, GA #04)	90CH010504/04	93.600	05/01/20 - 04/30/21	11,369,888	231,100		231,100	
Head Start (Dekalb and Rockdale Counties, GA #05)	90CH010504/05	93.600	05/01/21 - 04/30/22	2,965,411				18,941
Head Start (East Virginia #04)	90CH010458/04	93.600	12/01/19 - 11/30/20	1,197,823	60,430		60,430	
Head Start (East Virginia #05)	90CH010458/05	93.600	12/01/20 - 11/30/21	1,150,676	12,861		12,861	
Head Start (Eastern Oklahoma #01)	90CH011371/01	93.600	12/01/19 - 11/30/20	11,084,069	38,715		38,715	
Head Start (Eastern Oklahoma #02)	90CH011371/02	93.600	12/01/20 - 11/30/21	8,894,737	564,986		564,986	
Head Start (Hendricks, Morgan, and Owen Counties, IN #02)	90CH010644/02	93.600	03/01/20 - 02/28/21	2,863,779	36,648		36,648	
Head Start (Hendricks, Morgan, and Owen Counties, IN #03)	90CH010644/03	93.600	03/01/21 - 02/28/22	2,858,786	3,985		3,985	
Head Start (Lake County, IL #01)	90CH010760/01	93.600	07/01/20 - 06/30/21	4,631,270	134,547		134,547	
Head Start (Lake County, IL #02)	90CH010760/02	93.600	07/01/21 - 06/30/22	4,248,039	94,638		94,638	
Head Start (Multi-State Migrant and Seasonal #03)	90CH010533/03	93.600	02/01/20 - 01/31/22	59,932,829	516,507		516,507	
Head Start (Niagara County, NY #01)	90CH011757/01	93.600	07/01/20 - 12/31/20	3,754,974	298,795		298,795	
Head Start (Rockaway Beach, NY #06)	90CH010165/06	93.600	07/01/20 - 06/30/21	3,482,924	62,093		62,093	
Head Start (South Central Colorado #01)	90CH011810/01	93.600	09/01/20 - 08/31/21	12,095,864	491,749		491,749	
Head Start (Southeast Arkansas #02)	90CH010899/02	93.600	04/01/20 - 03/31/21	2,872,801	296,646		296,646	
Head Start (Vermilion, Iroquois, and Ford Counties, IL #01)	90CH011821/01	93.600	09/01/20 - 08/31/21	6,688,339	174,731		174,731	
Head Start (West Central Missouri #02)	90CH01089/02	93.600	06/01/20 - 05/31/21	7,248,236	313,607		313,607	
Head Start (West Central Missouri #03)	90CH01089/03	93.600	06/01/21 - 05/31/22	4,748,085	(2,880)		(2,880)	
Total CARES Act				152,088,530	3,348,099	-	3,348,099	-
ARP Act								
Head Start (West Central Missouri)	90HE001348/01	93.600	04/01/21 - 03/31/23	503,727	395		395	
Total ARP Act				503,727	395	-	395	-
Total DHHS				407,496,833	94,713,794	-	94,713,794	657,428
U.S. Department of Agriculture ("USDA"):								
Child and Adult Care Food Program:								
Pass-through, Arkansas Department of Human Services, Division of Child Care and Early Childhood Education, Special Nutrition P	Q0030	10.558			7,079		7,079	
Pass-through, Arkansas Department of Human Services, Division of Child Care and Early Childhood Education, Special Nutrition P	Q0030	10.558			1,936		1,936	
Pass-through, Colorado Department of Public Health & Environment, Child and Adult Care Food Program	0010316	10.558			7,787		7,787	
Pass-through, Colorado Department of Public Health & Environment, Child and Adult Care Food Program	0010316	10.558			53,565		53,565	
Pass-through, Georgia Department of Early Care and Learning, Child and Adult Care Food Program	15167	10.558			8,512		8,512	
Pass-through, Georgia Department of Early Care and Learning, Child and Adult Care Food Program	15167	10.558			7,731		7,731	
Pass-through, Iowa Department of Education, Bureau of Nutrition and Health Services	488012	10.558			7,565		7,565	
Pass-through, IL State Board of Education, Nutrition Department	19-022-065P-00	10.558			8,189		8,189	
Pass-through, IL State Board of Education, Nutrition Department	19-022-065P-00	10.558			43,533		43,533	
Pass-through, Indiana Department of Education, Division of School and Community Nutrition Program	1930220	10.558			20,502		20,502	
Pass-through, Indiana Department of Education, Division of School and Community Nutrition Program	1930220	10.558			22,672		22,672	
Pass-through, Louisiana Department of Education, Division of Nutrition Support	21-38	10.558			68,679		68,679	
Pass-through, Massachusetts Department of Elementary and Secondary Education, Office of Food and Nutrition Programs	09-165-CF-946	10.558			2,895		2,895	
Pass-through, Missouri Department of Health & Senior Services, Bureau of Community Food & Nutrition Assistance	ERS4620-3480	10.558			111,414		111,414	
Pass-through, Missouri Department of Health & Senior Services, Bureau of Community Food & Nutrition Assistance	ERS4620-3480	10.558			3,599		3,599	
Pass-through, New Mexico Children, Youth and Families Department, Family Nutrition Bureau	0788	10.558			539		539	
Pass-through, Nevada Department of Agriculture, Food and Nutrition Division	1395	10.558			106		106	
Pass-through, New York State Department of Health, Division of Nutrition	6462	10.558			28,481		28,481	
Pass-through, New York State Department of Health, Division of Nutrition	6462	10.558			32,918		32,918	
Pass-through, New York State Department of Health, Division of Nutrition	6462	10.558			16,296		16,296	

**COMMUNITY DEVELOPMENT
INSTITUTE HEAD START**

SCHEDULE OF EXPENDITURES OF FEDERAL AND NON-FEDERAL AWARDS
For the year ended June 30, 2021
continued

Federal Grantor Agency/Pass-Through Grantor/Program Title	Contract Number	Federal Assistance Listing Number	Contract Term	Program Award	Government Revenue		Program Expenditures	Pass-through to Sub-recipients	
					Federal	Non-federal			
Pass-through, Ohio Department of Education, Office of Integrated Student Supports	014250	10.558			2,628		2,628		
Pass-through, Oklahoma State Department of Education, Child Nutrition Programs	DC- 08-163	10.558			76,456		76,456		
Pass-through, Oklahoma State Department of Education, Child Nutrition Programs	DC- 08-163	10.558			162,666		162,666		
Pass-through, Oklahoma State Department of Education, Child Nutrition Programs	DC- 08-163	10.558			211		211		
Pass-through, Texas Department of Agriculture, Food & Nutrition Division	806780706	10.558			32,352		32,352		
Pass-through, Texas Department of Agriculture, Food & Nutrition Division	806780706	10.558			38,953		38,953		
Pass-through, Virginia Department of Health, Division of Community Nutrition	10474	10.558			958		958		
Pass-through, Virginia Department of Health, Division of Community Nutrition	10474	10.558			3,145		3,145		
Total USDA					<u>-</u>	<u>771,367</u>	<u>-</u>	<u>771,367</u>	<u>-</u>
Total Federal Awards					<u>407,496,833</u>	<u>95,485,161</u>	<u>-</u>	<u>95,485,161</u>	<u>657,428</u>
Non-federal Awards									
Cape Cod, MA - Massachusetts Early Education and Care (EEC)						22,451		22,451	
Chilton, Autauga, Shelby and Elmore Counties, AL - Pre-Kindergarten						12,500		12,500	
DeKalb and Rockdale Counties, GA - Pre-Kindergarten						199,428		199,428	
DeKalb and Rockdale Counties, GA - Georgia Maternal, Infant, Early Childhood Home Visiting (MIECHV) Program						64,696		64,696	
Eastern Oklahoma - Eastern Oklahoma School Reimbursement						88,000		88,000	
Eastern Oklahoma - Oklahoma State COVID Funds						119,940		119,940	
Hartford and Middlesex Counties, CT - State Head Start Services						(10,816)		(10,816)	
Hartford and Middlesex Counties, CT - State Enhancement						(68,200)		(68,200)	
Hartford and Middlesex Counties, CT - Head Start LINK						(2,754)		(2,754)	
Rockaway Beach, NY - 3-K/K3						94,981		94,981	
Rockaway Beach, NY - Pre-Kindergarten						73,465		73,465	
South Central Colorado - Alamosa School District						67,979		67,979	
South Central Colorado - Trinidad School District, Colorado Preschool Program						32,220		32,220	
South Central Colorado - Trinidad School District, Individualized Education Program						35,442		35,442	
Southeast Arkansas - Arkansas State COVID Funds						38,750		38,750	
Total Non-federal Awards					<u>-</u>	<u>768,081</u>	<u>-</u>	<u>768,081</u>	<u>-</u>
Total Federal and Non-federal Awards					<u>\$ 407,496,833</u>	<u>\$ 95,485,161</u>	<u>\$ 768,081</u>	<u>\$ 96,253,242</u>	<u>\$ 657,428</u>

See independent auditors' report and notes to Schedule of Expenditures of Federal and Non-federal Awards.

COMMUNITY DEVELOPMENT INSTITUTE HEAD START

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND NON-FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal and Non-federal Awards (“the Schedule”) includes the federal award activity of Community Development Institute Head Start (“CDI-HS”), under the programs of the federal government, state, and local agencies, for the year ended June 30, 2021. The Schedule is presented in accordance with requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of CDI-HS, it is not intended to and does not present the financial position, changes in net assets, or cash flows of CDI-HS.

2. Basis of Accounting

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in 2 CFR 200, Subpart E (Cost Principles), wherein certain types of expenditures are not allowed or are limited as to reimbursement. CDI-HS has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

3. Pass-through to Sub-recipients

The following list includes sub-recipients and expenditure amounts per Assistance Listing number 93.600 as of June 30, 2021:

Calhoun School District, West Central, MO	\$345,923
Clinton School District, West Central, MO	<u>311,505</u>
	<u>\$657,428</u>

4. Other Information

CDI-HS did not receive federal insurance, loans, or non-cash assistance during the year ended June 30, 2021.

COMMUNITY DEVELOPMENT INSTITUTE HEAD START

Schedule of Findings and Questioned Costs

For the year ended June 30, 2021

Section I – Summary of Auditors’ Results

Consolidated Financial Statements:

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiencies identified? None reported

Noncompliance material to financial statements noted? No

Federal Awards:

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiencies identified? None reported

Type of auditors’ report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 200.516 Audit Findings of the Uniform Guidance? No

Dollar threshold used to distinguish between Type A and Type B programs: \$2,864,555

Auditee qualified as low-risk auditee? Yes

Identification of Major Programs:

U.S. Department of Health and Human Services:

Head Start 93.600

Section II – Financial Statement Findings

No matters reported.

Section III – Federal Award Findings and Questioned Costs

No matters reported.

Section IV – Summary Schedule of Prior Year Findings

No matters reported.

**COMMUNITY DEVELOPMENT
INSTITUTE HEAD START
AND
COMMUNITY DEVELOPMENT
INSTITUTE**

**CONSOLIDATED FINANCIAL STATEMENTS
and
SUPPLEMENTAL INFORMATION**

JUNE 30, 2021

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Community Development Institute Head Start
and Community Development Institute

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Community Development Institute Head Start and Community Development Institute (a nonprofit organization), which comprise the Consolidated Statement of Financial Position as of June 30, 2021, and the related Consolidated Statements of Activities, Functional Expenses, and Cash Flows for the year 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 auditors' 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.

INDEPENDENT AUDITORS' REPORT

continued

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Community Development Institute Head Start and Community Development Institute as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Report on Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The Consolidating Statement of Financial Position and Consolidating Statement of Activities are presented for purposes 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 the 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 as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 16, 2022, on our consideration of Community Development Institute Head Start and Community Development Institute's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Community Development Institute Head Start and Community Development Institute's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Community Development Institute Head Start and Community Development Institute's internal control over financial reporting and compliance.

Harrington Group

Pasadena, California
February 16, 2022

**COMMUNITY DEVELOPMENT INSTITUTE HEAD START
AND COMMUNITY DEVELOPMENT INSTITUTE**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

June 30, 2021

ASSETS

Cash and cash equivalents (Note 2)	\$ 25,112,885
Accounts receivable	4,730,802
Prepaid expenses	<u>156,104</u>

TOTAL ASSETS \$ 29,999,791

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable	\$ 101,971
Accrued liabilities (Note 4)	<u>3,991,874</u>

TOTAL LIABILITIES 4,093,845

NET ASSETS

Without donor restrictions	<u>25,905,946</u>
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TOTAL NET ASSETS 25,905,946

TOTAL LIABILITIES AND NET ASSETS \$ 29,999,791

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

**COMMUNITY DEVELOPMENT INSTITUTE HEAD START
AND COMMUNITY DEVELOPMENT INSTITUTE**

CONSOLIDATED STATEMENT OF ACTIVITIES

For the year ended June 30, 2021

REVENUE WITHOUT DONOR RESTRICTIONS	
Fees from government agencies (Note 6)	\$ 114,510,746
In-kind income (Notes 9 and 10)	4,665,352
Other	<u>206,751</u>
TOTAL REVENUE WITHOUT DONOR RESTRICTIONS	<u>119,382,849</u>
EXPENSES	
Program services	99,503,760
Management and general	<u>15,355,636</u>
TOTAL EXPENSES	<u>114,859,396</u>
CHANGE IN NET ASSETS	4,523,453
NET ASSETS, BEGINNING OF YEAR	<u>21,382,493</u>
NET ASSETS, END OF YEAR	<u><u>\$ 25,905,946</u></u>

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

**COMMUNITY DEVELOPMENT INSTITUTE HEAD START
AND COMMUNITY DEVELOPMENT INSTITUTE**

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2021

	<u>Program Services</u>	<u>Management and General</u>	<u>Total Expenses</u>
Salaries	\$ 50,237,209	\$ 7,636,959	\$ 57,874,168
Employee benefits	10,389,152	1,515,661	11,904,813
Payroll taxes	4,102,215	625,562	4,727,777
Total personnel costs	64,728,576	9,778,182	74,506,758
Supplies	5,591,697	886,021	6,477,718
Occupancy	4,437,838	690,205	5,128,043
In-kind expenses (Notes 9 and 10)	4,023,413	641,939	4,665,352
Construction	3,790,961	604,851	4,395,812
Repairs and maintenance	3,664,876	584,734	4,249,610
Other	2,459,221	522,754	2,981,975
Consultants	1,987,674	294,309	2,281,983
Equipment	1,659,051	264,703	1,923,754
Utilities	1,251,592	199,693	1,451,285
Contractual services	1,184,047	181,305	1,365,352
Telephone	1,115,719	169,027	1,284,746
Food	987,474	157,552	1,145,026
Training	561,538	89,594	651,132
Travel	547,589	67,749	615,338
Insurance	447,024	66,203	513,227
Transportation	434,610	69,342	503,952
Information technology	287,655	35,589	323,244
Child services	152,110	24,269	176,379
Printing	110,853	17,687	128,540
Furniture	80,242	9,928	90,170
Publications			-
TOTAL FUNCTIONAL EXPENSES	\$ 99,503,760	\$ 15,355,636	\$ 114,859,396

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

**COMMUNITY DEVELOPMENT INSTITUTE HEAD START
AND COMMUNITY DEVELOPMENT INSTITUTE**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended June 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ 4,523,453
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
(Increase) decrease in operating assets:	
Accounts receivable	4,120,991
Prepaid expenses	(44,231)
Increase (decrease) in operating liabilities:	
Accounts payable	(15,846)
Accrued liabilities	<u>(3,339,983)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>5,244,384</u>
NET INCREASE IN CASH	5,244,384
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>19,868,501</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 25,112,885</u></u>

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

COMMUNITY DEVELOPMENT INSTITUTE HEAD START AND COMMUNITY DEVELOPMENT INSTITUTE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. **Organization**

Community Development Institute Head Start (“CDI-HS”) is a private, nonprofit corporation with headquarters in Denver, Colorado. CDI-HS works in partnership with an affiliated nonprofit corporation, Community Development Institute (“CDI”), with headquarters in Denver, Colorado, as the recipient of grants for operation of the local Head Start and Early Head Start programs under the National Interim Management Contract funded by the Office of Head Start. CDI-HS assumes operational responsibility for Head Start and Early Head Start programs when the existing grantee is no longer able to administer the program. CDI-HS works with the community to ensure that Head Start services continue uninterrupted for children and families. During the interim period, CDI-HS provides a strong infrastructure for fiscal integrity, staff development, and improved program services.

CDI is a private, non-profit corporation, engaged in educational services organizational development, leadership development and training. CDI is the contractor for the National Interim Management Program funded by Office of Head Start (OHS) in Washington, DC, to provide uninterrupted, quality Head Start and Early Head Start services to communities whose Head Start or Early Head Start programs have been de-funded by the Federal Government. CDI’s primary focus is on raising the level of program performance in interim management, addressing program health and safety issues, management systems, fiscal operations, and program quality.

Financial Accounting Standards Board Accounting Standards provides guidance for the reporting and disclosure of financially interrelated not-for-profit organization. Based upon the nature of the relationship between CDI-HS and CDI consolidated financial statements are present. The two organizations together collectively referred to as the Organization in these consolidated financial statements.

2. **Summary of Significant Accounting Policies**

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements is as follows:

Principle of Consolidation

In accordance with generally accepted accounting principles, the consolidated financial statements include the accounts of CDI-HS and CDI. CDI has both an economic interest and common control of CDI-HS. All inter-organization transactions have been eliminated.

Basis of Presentation

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting to include the two legal entities.

COMMUNITY DEVELOPMENT INSTITUTE HEAD START AND COMMUNITY DEVELOPMENT INSTITUTE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Net Assets

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

Without Donor Restrictions. Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

With Donor Restrictions. Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed 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-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and Cash Equivalents

The Organization considers all short-term investments with an original maturity date of three months or less to be cash and cash equivalents.

Accounts Receivable

The accounts receivable balance outstanding at June 30, 2021 consists of governmental contract receivables due from state and local granting agencies. Therefore, no allowance for doubtful accounts has been provided.

Concentration of Credit Risks

The Organization places its cash and temporary cash investments with high-credit, quality financial institutions. At times, such investments may be in excess of the Federal Deposit Insurance Corporation insurance limit. The Organization has not incurred losses related to these investments.

The receivable balance outstanding at June 30, 2021 consists of government contract receivables due from state and local granting agencies. Concentration of credit risks with respect to trade receivables is limited, as the majority of the Organization's receivables consist of earned fees from contracts awarded by governmental agencies.

Approximately 96% of the Organization's total revenue is derived from governmental agencies.

COMMUNITY DEVELOPMENT INSTITUTE HEAD START AND COMMUNITY DEVELOPMENT INSTITUTE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Donated Materials, Facilities, and Services

Contributions of donated non-cash assets are measured on a non-recurring basis and recorded at fair value in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at fair value in the period received. For the year ended June 30, 2021, the Organization received \$4,665,352 in donated materials, facilities, and services (see Notes 9 and 10).

Fair Value Measurements

Generally accepted accounting principles provide guidance on how fair value should be determined when financial statement elements are required to be measured at fair value. Valuation techniques are ranked in three levels depending on the degree of objectivity of the inputs used with each level:

Level 1 inputs - quoted prices in active markets for identical assets

Level 2 inputs - quoted prices in active or inactive markets for the same or similar assets

Level 3 inputs - estimates using the best information available when there is little or no market

The Organization is required to measure donated materials and services at fair value. The specific techniques used to measure fair value for these consolidated financial statement elements are described in the notes below that relate to each element (see Note 10).

Income Taxes

The Organization is exempt from taxation under Internal Revenue Code Section 501(c)(3).

Generally accepted accounting principles provide accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken by the Organization in their federal exempt organization tax return are more likely than not to be sustained upon examination. The Organization's returns are subject to examination by federal and state taxing authorities, generally for three years, respectfully, after they are filed.

Functional Allocation of Expenses

Costs of providing the Organization's programs and other activities have been presented in the Consolidated Statement of Functional Expenses. Shared costs are allocated among program and support services by a method that best measures the relative degree of benefit.

COMMUNITY DEVELOPMENT INSTITUTE HEAD START AND COMMUNITY DEVELOPMENT INSTITUTE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Revenue and Revenue Recognition

The majority of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, revenues, and expenses as of the date and for the period presented. Actual results could differ from those estimates.

3. Liquidity and Availability of Resources

CDI-HS monitors liquidity required to meet its operating needs and other contractual commitments for Head Start programs under interim management.

CDI-HS has \$4,404,841 of financial assets available as of the consolidated statement of position date. CDI-HS draws funds from the federal payment management system on a weekly basis to cover Head Start program reimbursable costs. The draw of federal funds covers program expenses on an on-going basis.

CDI has \$25,438,846 of financial assets available as of the consolidated statement of position date. This amount will cover contract expenses for six months. CDI submits an invoice for direct labor hours and other direct reimbursable expenses on a monthly basis to the Office of Head Start.

As of June 30, 2021, the following financial assets could readily be made available within one year of the consolidated statement of financial position date to meet its operational cash flow needs:

Cash and cash equivalents	\$25,112,885
Accounts receivable	<u>4,730,802</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$29,843,687</u>

continued

**COMMUNITY DEVELOPMENT INSTITUTE HEAD START
AND COMMUNITY DEVELOPMENT INSTITUTE**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4. Accrued Liabilities

Accrued liabilities at June 30, 2021 consist of the following:

Accrued expenses and payroll liabilities – programs and delegates	\$2,695,664
Deferred compensation plan (see Note 8)	487,165
Other	<u>809,045</u>
	<u>\$3,991,874</u>

5. Commitments and Contingencies

Obligations Under Operating Leases

The Organization leases office space and equipment under operating leases with various terms. Since the programs will be under interim management unknown period of time, the Organization does not sign any leases or contracts for a period exceeding twelve months.

Rent expense for the year ended June 30, 2021 was \$5,128,043, of which \$4,437,838 was rent expense for programs under operational responsibility.

The Organization's grants and contracts are subject to inspection and audit by the appropriate governmental funding agency. The purpose is to determine whether program funds were used in accordance with their respective guidelines and regulations. The potential exists for disallowance of previously funded program costs. The ultimate liability, if any, which may result from these governmental audits cannot be reasonably estimated and, accordingly, the Organization has no provisions for the possible disallowance of program costs on its consolidated financial statements.

The Organization leases office space and equipment under operating leases with various terms. Future minimum payments, by year and in the aggregate, under these leases with initial or remaining terms of one year or more, consist of the following:

<u>Year ending June 30,</u>	
2022	\$612,048
2023	<u>310,944</u>
	<u>\$922,992</u>

Rent expense under operating leases for the year ended June 30, 2021 was \$560,029.

Contracts

The Organization's grants and contracts are subject to inspection and audit by the appropriate governmental funding agency. The purpose is to determine whether program funds were used in accordance with their respective guidelines and regulations. The potential exists for disallowance of previously-funded program costs. The ultimate liability, if any, which may result from these governmental audits cannot be reasonably estimated and, accordingly, the Organization has no provisions for the possible disallowance of program costs on its consolidated financial statements.

continued

**COMMUNITY DEVELOPMENT INSTITUTE HEAD START
AND COMMUNITY DEVELOPMENT INSTITUTE**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6. Fees from Government Agencies

Fees from government agencies for the year ended June 30, 2021 consist of the following:

Head Start programs	\$ 95,369,034
National Interim Management (NIM Contract)	17,602,263
Food program	771,367
State/local funding – Non-federal revenue	<u>768,082</u>
	<u>\$114,510,746</u>

7. Employee Benefit Plan

The Organization contributes to Individual Employee Simplified Employee Pension (“SEP”) plan. The Organization contributes 15% of each employee’s gross salary. Employer contributions to the SEP accounts for the year ended June 30, 2021 were \$1,762,845.

8. Deferred Compensation Plan

In January 2015, the Organization’s Board of Directors approved a Deferred Compensation Plan, which compensates directors for their service. The intention of offering the plan is to attract and retain qualified directors and provide a fair compensation for their service on the Board. Under the plan, a participant accrues a benefit credit for each five full years of service. No benefit credit accrues for periods of less than five years of service.

For fiscal year ended June 30, 2021, the Organization has earmarked \$487,165 and has recognized a liability for this amount (see Note 4). As of October 1, 2019, the Organization’s Board Members froze the plan so that no additional deferred compensation accrues under the plan on and after said date.

9. In-kind Revenue and Expense

Head Start programs are required to provide matching non-federal funds for the operation of programs. This match applies to regular Head Start and Early Head Start funds. Non-federal shares include donated cash and in-kind contributions. Types of in-kind contributions may include donated parent and community volunteer time, discounted services, discounted equipment, space, or transportation. In-kind contributions benefit the program directly and are reflected in the Consolidated Statement of Functional Expenses (see Note 10 for information on the recognized value of the in-kind contributions).

**COMMUNITY DEVELOPMENT INSTITUTE HEAD START
AND COMMUNITY DEVELOPMENT INSTITUTE**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

10. Fair Value Measurements

The table below presents transactions measured at fair value on a non-recurring basis during the year ended June 30, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Contributed facilities	\$ -	\$ 880,053	\$ -	\$ 880,053
Contributed services		1,195,436		1,195,436
Contributed materials		2,589,863		2,589,863
Fair value at June 30, 2021	<u>\$ -</u>	<u>\$4,665,352</u>	<u>\$ -</u>	<u>\$4,665,352</u>

The fair value of contributed facilities, services, and materials has been measured on a non-recurring basis using quoted prices for similar assets in inactive markets (Level 2 inputs).

11. Related Party Transaction

During the year ended June 30, 2021, the indirect fees levied by CDI to CDI-HS was \$9,822,532.

12. Subsequent Events

CDI was awarded a new contract by the U.S. Department of Health and Human Services, Office of Head Start. The contract is for the Real Property Facilities Initiative (RPF). The contract start date was July 22, 2021, with base period funding of \$4,365,245.

Management has evaluated subsequent events through February 16, 2022, the date which the consolidated financial statements were available for issue. Other than the event noted above, no other events or transactions have occurred during this period that appear to require recognition or disclosure in the consolidated financial statements.

SUPPLEMENTAL INFORMATION

**COMMUNITY DEVELOPMENT INSTITUTE HEAD START
AND COMMUNITY DEVELOPMENT INSTITUTE**

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

June 30, 2021

	Community Development Institute Head Start	Community Development Institute	Total	Eliminations	Consolidated
ASSETS					
Cash and cash equivalents (Note 2)	\$ 1,698,495	\$ 23,414,390	\$ 25,112,885	\$ -	\$ 25,112,885
Accounts receivable	2,706,346	2,024,456	4,730,802		4,730,802
Prepaid expenses	98,520	57,584	156,104		156,104
TOTAL ASSETS	\$ 4,503,361	\$ 25,496,430	\$ 29,999,791	\$ -	\$ 29,999,791
LIABILITIES AND NET ASSETS					
LIABILITIES					
Accounts payable	\$ 34,920	\$ 67,051	\$ 101,971	\$ -	\$ 101,971
Accrued liabilities (Note 4)	2,675,440	1,316,434	3,991,874		3,991,874
Total liabilities	2,710,360	1,383,485	4,093,845	-	4,093,845
NET ASSETS					
Without donor restrictions	1,793,001	24,112,945	25,905,946		25,905,946
TOTAL NET ASSETS	1,793,001	24,112,945	25,905,946	-	25,905,946
TOTAL LIABILITIES AND NET ASSETS	\$ 4,503,361	\$ 25,496,430	\$ 29,999,791	\$ -	\$ 29,999,791

See independent auditors' report

**COMMUNITY DEVELOPMENT INSTITUTE HEAD START
AND COMMUNITY DEVELOPMENT INSTITUTE**

CONSOLIDATING STATEMENT OF ACTIVITIES
For the year ended June 30, 2021

	Community Development Institute Head Start	Community Development Institute	Total	Eliminations	Consolidated
REVENUE AND SUPPORT WITHOUT DONOR RESTRICTIONS					
Fees from government agencies (Note 6)	\$ 96,908,483	\$ 17,602,263	\$ 114,510,746	\$ -	\$ 114,510,746
In-kind income (Notes 9 and 10)	4,665,352		4,665,352		4,665,352
Other	238	206,513	206,751		206,751
Service fees		9,822,532	9,822,532	(9,822,532)	-
TOTAL REVENUE AND SUPPORT WITHOUT DONOR RESTRICTIONS	101,574,073	27,631,308	129,205,381	(9,822,532)	119,382,849
EXPENSES					
Program services	88,787,431	20,538,861	109,326,292	(9,822,532)	99,503,760
Management and general	12,685,452	2,670,184	15,355,636		15,355,636
TOTAL EXPENSES	101,472,883	23,209,045	124,681,928	(9,822,532)	114,859,396
CHANGE IN NET ASSETS	101,190	4,422,263	4,523,453	-	4,523,453
NET ASSETS, BEGINNING OF YEAR	1,691,811	19,690,682	21,382,493	-	21,382,493
NET ASSETS, END OF YEAR	\$ 1,793,001	\$ 24,112,945	\$ 25,905,946	\$ -	\$ 25,905,946

See independent auditors' report