

# HARRINGTON GROUP

CERTIFIED PUBLIC ACCOUNTANTS, LLP

COMMUNITY DEVELOPMENT  
INSTITUTE HEAD START  
AND  
COMMUNITY DEVELOPMENT  
INSTITUTE

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CONSOLIDATED FINANCIAL STATEMENTS  
and  
SUPPLEMENTARY INFORMATION

JUNE 30, 2020

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## CONTENTS

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Independent Auditors' Report	1-2
Consolidated Statement of Financial Position	3
Consolidated Statement of Activities	4
Consolidated Statement of Functional Expenses	5
Consolidated Statement of Cash Flows	6
Notes to Consolidated Financial Statements	7-14
Supplementary Information:	
Consolidating Statement of Financial Position	15
Consolidating Statement of Activities	16
Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer	17

# HARRINGTON GROUP

CERTIFIED PUBLIC ACCOUNTANTS, LLP

## INDEPENDENT AUDITORS' REPORT

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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, 2020, 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 of 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.

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## INDEPENDENT AUDITORS' REPORT

continued

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### 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, 2020, 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 Supplementary 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, Consolidating Statement of Activities, and the Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer, as required by the Louisiana Legislature R.S. 24:513(A)(3), as amended by Act 706 of the 2014 Regular Session and Act 462 of the 2015 Regular Session 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 March 26, 2021, 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  
March 26, 2021

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
June 30, 2020

**ASSETS**

Cash and cash equivalents (Note 2)	\$ 19,868,501
Accounts receivable	8,851,793
Prepaid expenses	<u>111,873</u>

**TOTAL ASSETS** \$ 28,832,167

**LIABILITIES AND NET ASSETS**

**LIABILITIES**

Accounts payable	\$ 117,817
Accrued liabilities (Note 4)	<u>7,331,857</u>

**TOTAL LIABILITIES** 7,449,674

**NET ASSETS**

Without donor restrictions	<u>21,382,493</u>
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**TOTAL NET ASSETS** 21,382,493

**TOTAL LIABILITIES AND NET ASSETS** \$ 28,832,167

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, 2020

<b>REVENUE WITHOUT DONOR RESTRICTIONS</b>	
Fees from government agencies (Note 6)	\$ 183,856,957
In-kind income (Notes 9 and 10)	10,217,213
Other	<u>99,570</u>
<b>TOTAL REVENUE WITHOUT DONOR RESTRICTIONS</b>	<u>194,173,740</u>
<b>EXPENSES</b>	
Program services	166,790,720
Management and general	<u>24,299,370</u>
<b>TOTAL EXPENSES</b>	<u>191,090,090</u>
<b>CHANGE IN NET ASSETS BEFORE OTHER EXPENSES</b>	3,083,650
<b>OTHER EXPENSES</b>	
Modular units improvements (Note 13)	<u>(1,039,294)</u>
<b>CHANGE IN NET ASSETS</b>	2,044,356
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>19,338,137</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 21,382,493</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, 2020

	<u>Program Services</u>	<u>Management and General</u>	<u>Total Expenses</u>
Salaries	\$ 79,943,593	\$ 11,029,147	\$ 90,972,740
Employee benefits	14,151,500	1,913,084	16,064,584
Payroll taxes	7,624,692	1,056,084	8,680,776
Total personnel costs	<u>101,719,785</u>	<u>13,998,315</u>	<u>115,718,100</u>
In-kind expenses (Notes 10 and 11)	8,956,773	1,260,440	10,217,213
Construction	8,413,323	1,183,963	9,597,286
Repairs and maintenance	6,547,702	921,424	7,469,126
Occupancy	6,272,008	871,521	7,143,529
Supplies	5,234,699	733,340	5,968,039
Other	2,792,813	1,691,633	4,484,446
Food	3,753,371	528,192	4,281,563
Consultants	3,118,038	419,179	3,537,217
Utilities	2,884,970	405,987	3,290,957
Contractual services	2,546,880	327,215	2,874,095
Insurance	2,483,783	346,781	2,830,564
Child services	2,411,515	339,360	2,750,875
Travel	2,493,055	280,617	2,773,672
Transportation	1,898,123	267,113	2,165,236
Training	1,675,667	235,808	1,911,475
Equipment	1,368,105	191,574	1,559,679
Telephone	1,155,534	158,362	1,313,896
Information technology	479,066	57,102	536,168
Printing	256,340	36,073	292,413
Publications	206,237	29,023	235,260
Furniture	122,933	16,348	139,281
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b><u>\$ 166,790,720</u></b>	<b><u>\$ 24,299,370</u></b>	<b><u>\$ 191,090,090</u></b>

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, 2020

<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Change in net assets	\$ 2,044,356
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
(Increase) decrease in operating assets:	
Accounts receivable	2,735,910
Prepaid expenses	436,117
Increase (decrease) in operating liabilities:	
Accounts payable	690
Accrued liabilities	<u>(3,517,508)</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>1,699,565</u>
<b>NET INCREASE IN CASH</b>	1,699,565
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>18,168,936</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u><u>\$ 19,868,501</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

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### 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

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### 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, 2020 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, 2020 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 95% 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

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### 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, 2020, the Organization received \$10,217,213 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 11).

#### **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

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### 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.

#### Recently Adopted Accounting Pronouncement

FASB Accounting Standards Codification (ASC) Topic 606, *Revenue from Contracts with Customers*, as amended, supersedes or replaces nearly all GAAP revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expanded disclosures about revenue. The Organization has implemented Topic 606 and have adjusted the presentation in these financial statements accordingly. The amendments have been applied prospectively to the period presented, with no effect on the net assets.

In June 2018, FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The Organization has implemented the provisions of ASU 2018-08 applicable to both contributions received and to contributions made in the accompanying consolidated financial statements. Analysis of various provisions of these standards resulted in no significant changes in the way the Organization 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.

COMMUNITY DEVELOPMENT INSTITUTE HEAD START  
AND COMMUNITY DEVELOPMENT INSTITUTE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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**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 \$7,826,344 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 \$20,893,950 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, 2020, 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	\$19,868,501
Accounts receivable	<u>8,851,793</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$28,720,294</u>

**4. Accrued Liabilities**

Accrued liabilities at June 30, 2020 consist of the following:

Accrued expenses and payroll liabilities – programs and delegates	\$5,983,925
Accrued payroll taxes and workers' compensation insurance	143,185
Deferred compensation plan (see Note 8)	487,165
Other	<u>717,582</u>
	<u>\$7,331,857</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, 2020 was \$6,197,573, of which \$4,894,180 was rent expense for programs under operational responsibility.

# COMMUNITY DEVELOPMENT INSTITUTE HEAD START AND COMMUNITY DEVELOPMENT INSTITUTE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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### 5. Commitments and Contingencies, continued

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>	
2021	\$ 588,432
2022	600,240
2023	612,028
2024	<u>623,852</u>
	<u>\$2,424,552</u>

Rent expense under operating leases for the year ended June 30, 2020 was \$577,295.

#### 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.

#### Litigation

The Organization is a defendant in various claims and lawsuits arising from the normal course of business. Management intends to defend the agency vigorously in these matters. It is not possible at this time to predict the probable outcome or the extent of the Organization's liability, if any.

#### Impact of COVID-19 Virus

Following the Denver County and State "Safer at Home" order to close all non-essential business activities, the Organization has been conducting business activities under Denver's Safer at Home isolation protocols. The overall impact of the COVID-19 virus on the Organization cannot be foreseen at this time and is not reflected in these financial statements

COMMUNITY DEVELOPMENT INSTITUTE HEAD START  
AND COMMUNITY DEVELOPMENT INSTITUTE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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**6. Fees from Government Agencies**

Fees from government agencies for the year ended June 30, 2020 consist of the following:

Head Start programs	\$159,792,570
National Interim Management (NIM Contract)	18,124,549
Food program	4,389,733
State/local funding – Non-federal revenue	<u>1,550,105</u>
	<u>\$183,856,957</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, 2020 were \$953,039.

**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, 2020, 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, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Contributed facilities	\$ -	\$ 2,753,738	\$ -	\$ 2,753,738
Contributed services		3,122,121		3,122,121
Contributed materials		<u>4,341,354</u>		<u>4,341,354</u>
Fair value at June 30, 2020	<u>\$ -</u>	<u>\$10,217,213</u>	<u>\$ -</u>	<u>\$10,217,213</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, 2020, the administrative services levied by CDI to CDI-HS was \$12,355,005.

**12. Subsequent Event**

CDI-HS's largest interim Head Start program, the Multi-State Migrant Head Start transitioned into three replacement grantees on December 31, 2020. As a result, CDI-HS's total federal revenue for the fiscal year ended June 30, 2021 would be significantly less.

Management has evaluated subsequent events through March 26, 2021, 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.

**13. Modular Units' Improvements**

The \$1,039,294 is related to a one-time funding for modular units' improvements that was not considered part of the operational expenses. These expenses are present as other expenses in the Statement of Activities for fiscal year ended June 30, 2020.

**SUPPLEMENTARY INFORMATION**

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

CONSOLIDATING STATEMENT OF FINANCIAL POSITION  
June 30, 2020

	<b>Community Development Institute Head Start</b>	<b>Community Development Institute</b>	<b>Total</b>	<b>Eliminations</b>	<b>Consolidated</b>
<b>Assets</b>					
Cash and cash equivalents (Note 2)	\$ 841,363	\$ 19,027,138	\$ 19,868,501	\$ -	\$ 19,868,501
Accounts receivable	6,984,981	1,866,812	8,851,793		8,851,793
Prepaid expenses	51,573	60,300	111,873		111,873
<b>Total assets</b>	<b>\$ 7,877,917</b>	<b>\$ 20,954,250</b>	<b>\$ 28,832,167</b>	<b>\$ -</b>	<b>\$ 28,832,167</b>
<b>Liabilities and net assets</b>					
<b>Liabilities</b>					
Accounts payable	\$ 66,489	\$ 51,328	\$ 117,817	\$ -	\$ 117,817
Accrued liabilities (Note 4)	6,119,617	1,212,240	7,331,857		7,331,857
<b>Total liabilities</b>	<b>6,186,106</b>	<b>1,263,568</b>	<b>7,449,674</b>	<b>-</b>	<b>7,449,674</b>
<b>Net assets</b>					
Without donor restrictions	1,691,811	19,690,682	21,382,493		21,382,493
<b>Total net assets</b>	<b>1,691,811</b>	<b>19,690,682</b>	<b>21,382,493</b>	<b>-</b>	<b>21,382,493</b>
<b>Total liabilities and net assets</b>	<b>\$ 7,877,917</b>	<b>\$ 20,954,250</b>	<b>\$ 28,832,167</b>	<b>\$ -</b>	<b>\$ 28,832,167</b>

See independent auditors' report

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

CONSOLIDATING STATEMENT OF ACTIVITIES

For the year ended June 30, 2020

	Community Development Institute Head Start	Community Development Institute	Total	Eliminations	Consolidated
<b>Revenue and support without donor restrictions</b>					
Fees from government agencies (Note 6)	\$ 165,732,408	\$ 18,124,549	\$ 183,856,957	\$ -	\$ 183,856,957
In-kind income (Notes 9 and 10)	10,217,213		10,217,213		10,217,213
Other	11,705	87,865	99,570		99,570
Service fees	-	12,355,005	12,355,005	(12,355,005)	-
<b>Total revenue and support without donor restrictions</b>	<b>175,961,326</b>	<b>30,567,419</b>	<b>206,528,745</b>	<b>(12,355,005)</b>	<b>194,173,740</b>
<b>Expenses</b>					
Program services	156,159,825	22,985,900	179,145,725	(12,355,005)	166,790,720
Management and general	20,566,186	3,733,184	24,299,370		24,299,370
<b>Total expenses</b>	<b>176,726,011</b>	<b>26,719,084</b>	<b>203,445,095</b>	<b>(12,355,005)</b>	<b>191,090,090</b>
<b>Change in net assets before other expenses</b>	<b>(764,685)</b>	<b>3,848,335</b>	<b>3,083,650</b>	<b>-</b>	<b>3,083,650</b>
<b>Other expenses</b>					
Modular units improvements (Note 13)	(1,039,294)		(1,039,294)		(1,039,294)
<b>Change in net assets</b>	<b>(1,803,979)</b>	<b>3,848,335</b>	<b>2,044,356</b>	<b>-</b>	<b>2,044,356</b>
<b>Net assets, beginning of year</b>	<b>3,495,790</b>	<b>15,842,347</b>	<b>19,338,137</b>	<b>-</b>	<b>19,338,137</b>
<b>Net assets, end of year</b>	<b>\$ 1,691,811</b>	<b>\$ 19,690,682</b>	<b>\$ 21,382,493</b>	<b>\$ -</b>	<b>\$ 21,382,493</b>

See independent auditors' report

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

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO  
AGENCY HEAD OR CHIEF EXECUTIVE OFFICER

*As required by the Louisiana Legislature R.S. 24:513(A)(3),  
as amended by Act 706 of the 2014 Regular Session and Act 462 of the 2015 Regular Session*

For the year ended June 30, 2020

**Agency Head Name:** Mark Elliot, Chief Executive Officer

Purpose	Amount
Salary	\$ 175,203
Benefits - insurance	28,909
Benefits - retirement	26,281
Benefits - other (describe) *	13,578
Benefits - other (describe)	-
Benefits - other (describe)	-
Car allowance	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
Housing	-
Unvouched expenses (example: travel advances, etc.)	-
Special meals	-
Other	-
	\$ 243,971

\* - Other benefits include medical insurance, life insurance, SEP contributions, and an Alternative Health contribution

**Note:** The listed expenses above are paid by a related organization, Community Development Institute, and are charged to a separate federal contract.

See independent auditors' report.

# HARRINGTON GROUP

CERTIFIED PUBLIC ACCOUNTANTS, LLP

## COMMUNITY DEVELOPMENT INSTITUTE HEAD START

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### SINGLE AUDIT REPORTS

JUNE 30, 2020

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## CONTENTS

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### Independent Auditors' Reports

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 <i>Government Auditing Standards</i>	1-2
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	3-5
Schedule of Expenditures of Federal and Non-federal Awards	6-8
Notes to Schedule of Expenditures of Federal and Non-federal Awards	9
Schedule of Findings and Questioned Costs	10-11

# HARRINGTON GROUP

CERTIFIED PUBLIC ACCOUNTANTS, LLP

## **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***

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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, 2020, 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 March 26, 2021.

### **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.

**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

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**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 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 other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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  
March 26, 2021

# HARRINGTON GROUP

CERTIFIED PUBLIC ACCOUNTANTS, LLP

## **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**

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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, 2020. 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, 2020.

**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

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**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

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**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, 2020, and have issued our report thereon dated March 26, 2021, 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  
March 26, 2021

**COMMUNITY DEVELOPMENT  
INSTITUTE HEAD START**

SCHEDULE OF EXPENDITURES OF FEDERAL AND NON-FEDERAL AWARDS  
For the year ended June 30, 2020

Federal Grantor Agency/Pass-Through Grantor/Program Title	Contract Number	Federal CFDA Number	Contract Term	Program Award	Government Revenue		Program Expenditures	Pass-through to Sub-recipients
					Federal	Non-federal		
<b>Federal Awards</b>								
U S Department of Health and Human Services ("DHHS")								
Directly from DHHS, Head Start								
Head Start (Cabarrus County, NC #02)	90CH010469/02	93 600	6/1/18 - 5/31/19	\$ 1,573,086	\$ (46,722)	\$ -	(46,722)	\$ -
Head Start (Cabarrus County, NC #03)	90CH010469/03	93 600	6/1/19 - 5/31/20	108,556	68,746		68,746	
Head Start (Cape Cod, MA #01)	90CH010874/01	93 600	4/1/19 - 12/31/19	1,612,119	1,325,050		1,325,050	
Head Start (Cape Cod, MA #02)	90CH010874/02	93 600	1/01/20 - 12/31/20	2,816,893	1,220,194		1,220,194	
Head Start (Chilton, Autauga, Shelby, and Elmore Counties, AL #02)	90CH010500/02	93 600	6/21/18 - 6/20/19	12,499,587	803,940		803,940	
Head Start (Chilton, Autauga, Shelby, and Elmore Counties, AL #03)	90CH010500/03	93 600	6/21/19 - 6/20/20	11,217,285	5,588,183		5,588,183	
Head Start (Chilton, Autauga, Shelby, and Elmore Counties, AL #04)	90CH010500/04	93 600	6/21/20 - 6/20/21	5,387,846	1,139,145		1,139,145	
Head Start (DeKalb and Rockdale Counties, GA #02)	90CH010504/02	93 600	5/01/18 - 4/30/19	16,125,939	99,434		99,434	
Head Start (DeKalb and Rockdale Counties, GA #03)	90CH010504/03	93 600	5/01/19 - 4/30/20	16,884,754	12,154,490		12,154,490	
Head Start (DeKalb and Rockdale Counties, GA #04)	90CH010504/04	93 600	5/01/20 - 4/30/21	11,369,888	1,839,372		1,839,372	
Head Start (Dubuque, Delaware and Jackson Counties, IA #01)	90CH011212/01	93 600	8/01/19 - 10/31/19	401,019	399,869		399,869	
Head Start (Dubuque, Delaware and Jackson Counties, IA #02)	90CH011212/02	93 600	11/01/19 - 10/31/20	2,017,129	1,512,609		1,512,609	
Head Start (East Virginia #03)	90CH10458/03	93 600	12/01/18 - 11/30/19	2,003,391	557,597		557,597	
Head Start (East Virginia #04)	90CH10458/04	93 600	12/01/19 - 11/30/20	1,203,468	583,304		583,304	
Head Start (Eastern Oklahoma #01)	90CH011371/01	93 600	12/01/19 - 11/30/20	11,084,069	4,210,906		4,210,906	
Head Start (Frederick and Clarke Counties, VA #02)	90CH010692/02	93 600	3/01/19 - 2/29/20	2,140,272	1,519,194		1,519,194	
Head Start (Frederick and Clarke Counties, VA #03)	90CH010692/03	93 600	3/01/20 - 2/28/21	681,068	331,064		331,064	
Head Start (Hanson County, MS #04)	90CH010318/04	93 600	12/17/18 - 12/16/19	8,917,179	2,455,890		2,455,890	
Head Start (Hartford & Middlesex Counties, CT #02)	90CH010683/02	93 600	1/01/19 - 12/31/19	10,130,032	4,641,248		4,641,248	
Head Start (Hartford & Middlesex Counties, CT #03)	90CH010683/03	93 600	1/01/20 - 12/31/20	6,121,042.00	5,066,573		5,066,573	
Head Start (Hendricks, Morgan, and Owen Counties, IN #01)	90CH011064/01	93 600	6/1/19 - 2/29/20	1,723,879	1,696,126		1,696,126	
Head Start (Hendricks, Morgan, and Owen Counties, IN #02)	90CH011064/02	93 600	3/01/20 - 2/28/21	2,863,779	766,902		766,902	
Head Start (Kittitas County, WA #01)	90CH010834/01	93 600	02/01/19 - 12/31/19	3,323,102	826,252		826,252	
Head Start (Kittitas County, WA #02)	90CH010834/02	93 600	1/01/20 - 12/31/20	1,056,462	889,490		889,490	
Head Start (Lafayette, Ibena, and St. Martin Parishes, LA #02)	90CH010505/02	93 600	7/26/18 - 7/25/19	12,940,817	885,864		885,864	
Head Start (Lafayette, Ibena, and St. Martin Parishes, LA #03)	90CH010505/03	93 600	7/26/19 - 7/25/20	13,162,587	11,245,871		11,245,871	
Head Start (Lafayette, Ibena, and St. Martin Parishes, LA #04)	90CH010505/04	93 600	7/26/20 - 7/25/21	7,392,304	334,328		334,328	
Head Start (Martin County, FL #02)	90CH010513/02	93 600	9/25/18 - 9/24/19	495,721	102,773		102,773	
Head Start (Martin County, FL #03)	90CH010513/03	93 600	9/25/19 - 9/24/20	504,295	391,814		391,814	
Head Start (Mid-Cumberland, TN #01)	90CH011243/01	93 600	9/01/19 - 8/31/20	8,171,818	6,368,992		6,368,992	
Head Start (Mid-Cumberland, TN - TN CC Partnership #01)	90HP000413/01	93 600	9/01/19 - 8/31/20	913,759	660,873		660,873	
Head Start (Midland County, TX #04)	90CH9986/04	93 600	6/1/18 - 5/31/19	2,252,963	33,039		33,039	
Head Start (Mid-Region Mississippi #04)	90CH010300/04	93 600	11/16/18 - 11/15/19	2,455,681	(4,043)		(4,043)	
Head Start (Milwaukee County, WI #02)	90CH010518/02	93 600	11/1/18 - 10/31/19	5,196,457	427,481		427,481	
Head Start (Multi-State Migrant Seasonal #02)	90CH010533/02	93 600	2/01/19 - 1/31/20	64,286,049	31,665,091		31,665,091	
Head Start (Multi-State Migrant Seasonal #03)	90CH010533/03	93 600	2/01/20 - 1/31/21	62,776,949	19,039,592		19,039,592	
Head Start (North Texas #04)	90CH010440/04	93 600	5/1/19 - 4/30/20	1,425,536	195,559		195,559	
Head Start (North/West Colorado Migrant Seasonal #03)	90CH010461/03	93 600	4/15/19 - 4/14/20	1,779,437	1,205,822		1,205,822	
Head Start (North/West Colorado Migrant Seasonal #04)	90CH010461/04	93 600	4/15/20 - 4/14/21	2,017,150	263,387		263,387	
Head Start (Outer Wayne County, MI #01)	90CH010597/01	93 600	8/01/18 - 4/30/19	5,132,029	31,664		31,664	
Head Start (Outer Wayne County, MI #02)	90CH010597/02	93 600	5/01/19 - 4/30/20	1,775,318	557,645		557,645	
Head Start (Outer Wayne County, MI #02 Delegate - Wayne Westland Community Schools)	90CH010597/02	93 600	5/01/19 - 4/30/20		395,028		395,028	395,028
Head Start (Rockaway Beach, NY #04)	90CH010165/04	93 600	7/01/18 - 6/30/19	3,584,704	165,520		165,520	
Head Start (Rockaway Beach, NY #05)	90CH010165/05	93 600	7/01/19 - 6/30/20	3,623,376	2,563,109		2,563,109	
Head Start (Rockaway Beach, NY #06)	90CH010165/06	93 600	7/01/20 - 6/30/21	3,482,924	181,892		181,892	
Head Start (Santa Clara County, CA #01)	90CH011173/01	93 600	6/01/19 - 12/31/19	728,360	678,221		678,221	
Head Start (Santa Clara County, CA #02)	90CH011173/02	93 600	1/01/20 - 12/31/20	728,360	679,257		679,257	
Head Start (South and West Philadelphia, PA #02)	90CH010595/02	93 600	11/01/18 - 10/31/19	6,233,854	1,892,725		1,892,725	
Head Start (South and West Philadelphia, PA #03)	90CH010595/03	93 600	11/01/19 - 10/31/20	5,287,294	3,510,819		3,510,819	
Head Start (South Central Kansas #09)	90CH0071/09	93 600	3/1/19 - 2/28/20	352,911	32,377		32,377	
Head Start (Southeast Arkansas #01)	90CH010899/01	93 600	4/01/19 - 3/31/20	2,390,252	2,262,331		2,262,331	
Head Start (Southeast Arkansas #02)	90CH010899/02	93 600	4/01/20 - 3/31/21	2,872,801	417,846		417,846	
Head Start (St. Landry Parish, LA #04)	90CH010073/04	93 600	7/1/18 - 6/30/19	1,286,145	(5,189)		(5,189)	
Head Start (Stars and Zapata Counties, TX #02)	90CH010534/02	93 600	2/01/19 - 1/31/20	7,671,034	4,301,031		4,301,031	
Head Start (Stars and Zapata Counties, TX #03)	90CH010534/03	93 600	2/01/20 - 1/31/21	3,710,023	2,786,363		2,786,363	
Head Start (Sumter County, SC #01)	90CH011172/01	93 600	6/01/19 - 5/31/20	1,326,435	1,285,240		1,285,240	
Head Start (Sumter County, SC #02)	90CH011172/02	93 600	6/01/20 - 5/31/21	443,573	132,327		132,327	
Head Start (Talladega, Clay, and Randolph Counties, AL #03)	90CH010340/03	93 600	6/01/18 - 1/31/20	3,813,935	1,005,936		1,005,936	

**COMMUNITY DEVELOPMENT  
INSTITUTE HEAD START**

SCHEDULE OF EXPENDITURES OF FEDERAL AND NON-FEDERAL AWARDS  
For the year ended June 30, 2020  
continued

Federal Grantor Agency/Pass-Through Grantor/Program Title	Contract Number	Federal CFDA Number	Contract Term	Program Award	Government Revenue		Program Expenditures	Pass-through to Sub-recipients
					Federal	Non-federal		
Head Start (Taylor County, FL #03)	90CH010506/03	93 600	1/1/19 - 12/31/19	1,713,637	630,715		630,715	
Head Start (Toa Baja, PR #03)	90CH010459/03	93 600	12/01/18 - 11/30/19	1,124,145	381,448		381,448	
Head Start (Toa Baja, PR #04)	90CH010459/04	93 600	12/01/19 - 11/30/20	93,679	93,679		93,679	
Head Start (West Central Missouri #01)	90CH011089/01	93 600	6/1/19 - 5/31/20	3,982,411	4,646,269		4,646,269	
Head Start (West Central Missouri #01 Delegate - Calhoun R-VII School District)	90CH011089/01	93 600	6/1/19 - 5/31/20		240,666		240,666	240,666
Head Start (West Central Missouri #01 Delegate - Clinton School District #124)	90CH011089/01	93 600	6/1/19 - 5/31/20		189,219		189,219	189,219
Head Start (West Central Missouri #02)	90CH011089/02	93 600	6/01/20 - 5/31/21	7,248,236	748,404		748,404	
Head Start (West Central Missouri #02 Delegate - Calhoun R-VII School District)	90CH011089/02	93 600	6/01/20 - 5/31/21		96,905		96,905	96,905
Head Start (West Central Missouri #02 Delegate - Clinton School District #124)	90CH011089/02	93 600	6/01/20 - 5/31/21		89,349		89,349	89,349
Head Start (Western Georgia #01)	90CH010727/01	93 600	11/1/18 - 10/31/19	8,090,985	2,387,396		2,387,396	
Head Start (Western Georgia #02)	90CH010727/02	93 600	11/01/19 - 10/31/20	7,281,890	4,947,926		4,947,926	
<b>Total DHHS</b>				<b>403,211,678</b>	<b>159,791,417</b>	<b>-</b>	<b>159,791,417</b>	<b>1,011,167</b>
US Department of Agriculture ("USDA")								
Child and Adult Care Food Program								
Pass-through, Alabama State Department of Education, Child Nutrition Programs	AUJ-0000	10 558			215,107		215,107	
Pass-through, Arkansas Department of Human Services, Division of Child Care and Early Childhood Education, Special Nutrition Program	Q0030	10 558			93,714		93,714	
Pass-through, Colorado Department of Public Health & Environment	0010316	10 558			16,062		16,062	
Pass-through, Connecticut State Department of Education, Bureau of Health, Nutrition, Family Services & Adult Education	497AOC	10 558			141,187		141,187	
Pass-through, Connecticut State Department of Education, Bureau of Health, Nutrition, Family Services & Adult Education	497AOC	10 558			95,866		95,866	
Pass-through, Florida Department of Health, Bureau of Child Care Food Programs	S-2457	10 558			1,517		1,517	
Pass-through, Florida Department of Health, Bureau of Child Care Food Programs	S-2457	10 558			15,950		15,950	
Pass-through, Georgia Department of Early Care and Learning	15167	10 558			490,108		490,108	
Pass-through, Georgia Department of Early Care and Learning	15167	10 558			121,799		121,799	
Pass-through, Georgia Department of Early Care and Learning	15167	10 558			178,305		178,305	
Pass-through, Iowa Department of Education, Bureau of Nutrition and Health Services	488012	10 558			33,109		33,109	
Pass-through, Iowa Department of Education, Bureau of Nutrition and Health Services	488012	10 558			64,612		64,612	
Pass-through, Iowa Department of Education, Bureau of Nutrition and Health Services	488012	10 558			2,211		2,211	
Pass-through, Indiana Department of Education, Division of School and Community Nutrition Program	1930220	10 558			90,562		90,562	
Pass-through, Indiana Department of Education, Division of School and Community Nutrition Program	1930220	10 558			7,239		7,239	
Pass-through, Indiana Department of Education, Division of School and Community Nutrition Program	1930220	10 558			30,614		30,614	
Pass-through, Louisiana Department of Education, Division of Nutrition Support	21-38	10 558			622,538		622,538	
Pass-through, Massachusetts Department of Elementary and Secondary Education, Office of Food and Nutrition Programs	09-165-CF-946	10 558			12,439		12,439	
Pass-through, Michigan Department of Education, Office of Health and Nutrition Services	73SPX0006	10 558			9,053		9,053	
Pass-through, Missouri Department of Health and Senior Services, Bureau of Community Food and Nutrition Assistance	ERS4620-3480	10 558			71,855		71,855	
Pass-through, New Mexico Children, Youth and Families Department, Family Nutrition Bureau	0788	10 558			30,208		30,208	
Pass-through, New York State Department of Health, Division of Nutrition	6462	10 558			62,982		62,982	
Pass-through, Nevada Department of Agriculture, Food and Nutrition Division	1395	10 558			6,809		6,809	

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

**COMMUNITY DEVELOPMENT  
INSTITUTE HEAD START**

SCHEDULE OF EXPENDITURES OF FEDERAL AND NON-FEDERAL AWARDS  
For the year ended June 30, 2020  
continued

Federal Grantor Agency/Pass-Through Grantor/Program Title	Contract Number	Federal CFDA 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			89,211		89,211		
Pass-through, Oklahoma State Department of Education, Child Nutrition Programs	DC- 08-163	10 558			189,200		189,200		
Pass-through, Oklahoma State Department of Education, Child Nutrition Programs	DC- 08-163	10 558			5,490		5,490		
Pass-through, Pennsylvania Treasury Department, Commonwealth of Pennsylvania	300-34-000-1	10 558			32,097		32,097		
Pass-through, Pennsylvania Treasury Department, Commonwealth of Pennsylvania	300-34-000-1	10 558			72,936		72,936		
Pass-through, Gobierno de Puerto Rico, Departamento de Educacion	CCC-208	10 558			11,553		11,553		
Pass-through, Gobierno de Puerto Rico, Departamento de Educacion	CCC-208	10 558			18,261		18,261		
Pass-through, South Carolina Department of Social Services, Child and Adult Care Food Program	C19219F	10 558			36,454		36,454		
Pass-through, TN Department of Human Services, Community and Social Services	00739	10 558			180,905		180,905		
Pass-through, TN Department of Human Services, Community and Social Services	00739	10 558			11,146		11,146		
Pass-through, Texas Department of Agriculture, Food & Nutrition Division	02116	10 558			319,398		319,398		
Pass-through, Texas Department of Agriculture, Food & Nutrition Division	02116	10 558			299,843		299,843		
Pass-through, Texas Department of Agriculture, Food & Nutrition Division	02116	10 558			120,427		120,427		
Pass-through, Texas Department of Agriculture, Food & Nutrition Division	02116	10 558			76,064		76,064		
Pass-through, Texas Department of Agriculture, Food & Nutrition Division	02116	10 558			275,517		275,517		
Pass-through, Texas Department of Agriculture, Food & Nutrition Division	02116	10 558			84,191		84,191		
Pass-through, Virginia Department of Health, Division of Community Nutrition	10474	10 558			17,960		17,960		
Pass-through, Virginia Department of Health, Division of Community Nutrition	10474	10 558			25,264		25,264		
Pass-through, Virginia Department of Health, Division of Community Nutrition	10474	10 558			60,413		60,413		
Pass-through, Virginia Department of Health, Division of Community Nutrition	10474	10 558			3,573		3,573		
Pass-through, Washington Office of Superintendent of Public Instruction	39031512	10 558			25,593		25,593		
Pass-through, Washington Office of Superintendent of Public Instruction	39031512	10 558			20,390		20,390		
<b>Total USDA</b>					-	4,389,732	-	4,389,732	-
<b>Total Federal Awards</b>					403,211,678	164,181,149	-	164,181,149	1,011,167
<b>Non-federal Awards</b>									
Cabarrus County, NC - Early Childhood Music Education						1,113		1,113	
Cape Cod, MA - Massachusetts Early Education and Care (EEC)						259,632		259,632	
Chilton, Autauga, Shelby and Elmore Counties, AL - Pre-Kindergarten						135,000		135,000	
Dekalb and Rockdale Counties, GA - Georgia Maternal, Infant, Early Childhood Home Visiting (MIECHV) Program						135,654		135,654	
Dekalb and Rockdale Counties, GA - Pre-Kindergarten						383,063		383,063	
Eastern Oklahoma - Eastern Oklahoma School Reimbursement						139,014		139,014	
Hartford and Middlesex Counties, CT - State Head Start Services						166,860		166,860	
Milwaukee County, WI - Milwaukee County Childcare/EBT						-		-	
Rockaway Beach, NY - 3-K/K3						337,824		337,824	
Rockaway Beach, NY - Pre-Kindergarten						(9,585)		(9,585)	
South Norwalk, CT - State Grant Fund						1,380		1,380	
South Norwalk, CT - State Head Start Enhancement						150		150	
<b>Total Non-federal Awards</b>					-	1,550,105	-	1,550,105	-
<b>Total Federal and Non-federal Awards</b>					\$ 403,211,678	\$ 164,181,149	\$ 1,550,105	\$ 165,731,254	\$ 1,011,167

**COMMUNITY DEVELOPMENT  
INSTITUTE HEAD START**

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND NON-FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2020

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**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, 2020. 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 Catalog of Federal Domestic Assistance number 93.600 as of June 30, 2020:

Wayne Westland Community Schools, Wayne Count, MI	\$ 395,028
Calhoun R-VII School District, West Central, MO	337,571
Clinton School District #124, West Central, MO	<u>278,568</u>
	<u>\$1,011,167</u>

**4. Other Information**

CDI-HS did not receive federal insurance, loans, or non-cash assistance during the year ended June 30, 2020.

**COMMUNITY DEVELOPMENT INSTITUTE HEAD START**  
**Schedule of Findings and Questioned Costs**  
For the year ended June 30, 2020

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**Section I – Summary of Auditors’ Results**

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? Yes

Dollar threshold used to distinguish between Type A and Type B programs: \$4,925,434

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.

**COMMUNITY DEVELOPMENT INSTITUTE HEAD START**  
**Schedule of Findings and Questioned Costs**  
For the year ended June 30, 2020  
continued

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**Section IV – Summary Schedule of Prior Year Findings**

**Finding 2019-001 – Board Independence**

The Board of Directors of CDI-HS was not independent of management. The Board of Directors of CDI-HS was comprised entirely of members of the senior management team of Community Development Institute. Accordingly, there was lack of independence between management and the Board of Directors. The governance structure of CDI-HS was inconsistent with the COSO Internal Control Integrated Framework and, accordingly, was not optimized to provide reasonable assurance that CDI-HS was managing its federal awards in compliance with Federal statutes, regulations, and the terms and conditions of its federal awards.

*Status:* CDI-HS made a change to the structure of the Board of Directors, with the majority of members being outside individuals, independent of CDI-HS.