

Child Start, Inc.

Wichita, Kansas

Financial Statements and Supplementary Information

Years Ended April 30, 2021 and 2020



Child Start, Inc.

Financial Statements and Supplementary Information Years Ended April 30, 2021 and 2020

Table of Contents

Independent Auditor’s Report	1
Financial Statements	
Statements of Financial Position	3
Statements of Activities.....	4
Statements of Functional Expenses.....	6
Statements of Cash Flows	8
Notes to Financial Statements	9
Supplementary Information	
Schedule of Program Activity	18
Schedule of Expenditures of Federal Awards	23
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters	25
Independent Auditor’s Report on Compliance for the Major Federal Program and on Internal Control Over Compliance.....	27
Schedule of Federal Findings and Questioned Costs	29

Independent Auditor's Report

Board of Directors
Child Start, Inc.
Wichita, Kansas

Report on the Financial Statements

We have audited the accompanying financial statements of Child Start, Inc., which comprise the statements of financial position as of April 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Child Start, Inc. as of April 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States.

Other Matters

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of program activity and the schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis, and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated, in all material respects, in relation to the 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 September 23, 2021, on our consideration of Child Start, Inc.'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 Child Start, Inc.'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 Child Start, Inc.'s internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Wipfli LLP".

Wipfli LLP

September 23, 2021
Madison, Wisconsin

Child Start, Inc.

Statements of Financial Position

April 30, 2021 and 2020

<i>Assets</i>	2021	2020
Current assets:		
Cash	\$ 826,924	\$ 958,866
Grants receivable	758,689	437,180
Accounts receivable	8,072	485
Prepaid expenses	125,213	68,532
Total current assets	1,718,898	1,465,063
Other assets:		
Operating lease assets, net	1,190,135	1,490,315
Financing lease assets, net	2,611,232	2,819,236
Property and equipment, net	313,854	406,107
Total other assets	4,115,221	4,715,658
TOTAL ASSETS	\$ 5,834,119	\$ 6,180,721
<i>Liabilities and Net Assets</i>		
Current liabilities:		
Current portion of operating lease obligations	\$ 516,984	\$ 634,711
Current portion of finance lease obligations	153,491	144,574
Accounts payable	400,333	245,097
Deferred revenue	27,117	17,789
Accrued expenses	296,662	266,053
Total current liabilities	1,394,587	1,308,224
Long-term liabilities:		
Operating lease obligations	673,605	855,925
Finance lease obligations	2,633,096	2,786,587
Total long-term liabilities	3,306,701	3,642,512
Total liabilities	4,701,288	4,950,736
Net assets:		
Without donor restrictions	1,119,635	1,215,729
With donor restrictions	13,196	14,256
Total net assets	1,132,831	1,229,985
TOTAL LIABILITIES AND NET ASSETS	\$ 5,834,119	\$ 6,180,721

See accompanying notes to financial statements

Child Start, Inc.

Statements of Activities

Years Ended April 30, 2021 and 2020

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue:			
Grant revenue	\$ 11,329,467	\$ 0	\$ 11,329,467
Donations	63,860	2,190	66,050
Interest income	261	0	261
Other income	34,652	0	34,652
In-kind contributions	1,593,062	0	1,593,062
Net assets released from restrictions	3,250	(3,250)	0
Total revenue	13,024,552	(1,060)	13,023,492
Expenses:			
Program services:			
Early childhood education	11,553,134	0	11,553,134
Early childhood connections program	248,332	0	248,332
Food programs	100,937	0	100,937
Early childhood development	98,276	0	98,276
Other outreach	19,887	0	19,887
Total program services	12,020,566	0	12,020,566
Support services:			
Management and general	1,100,080	0	1,100,080
Total expenses	13,120,646	0	13,120,646
Change in net assets	(96,094)	(1,060)	(97,154)
Net assets - Beginning of year	1,215,729	14,256	1,229,985
Net assets - End of year	\$ 1,119,635	\$ 13,196	\$ 1,132,831

See accompanying notes to financial statements.

Child Start, Inc.

Statements of Activities (Continued)

Years Ended April 30, 2021 and 2020

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue:			
Grant revenue	\$ 11,817,116	\$ 0	\$ 11,817,116
Donations	74,177	14,256	88,433
Interest income	286	0	286
Other income	32,197	0	32,197
Loss on disposal of equipment	(893)	0	(893)
In-kind contributions	1,684,897	0	1,684,897
Total revenue	13,607,780	14,256	13,622,036
Expenses:			
Program services:			
Early childhood education	11,859,632	0	11,859,632
Early childhood connections program	299,814	0	299,814
Food programs	362,350	0	362,350
Other outreach	28,212	0	28,212
Total program services	12,550,008	0	12,550,008
Support services:			
Management and general	1,214,548	0	1,214,548
Fundraising	12,832	0	12,832
Total expenses	13,777,388	0	13,777,388
Change in net assets	(169,608)	14,256	(155,352)
Net assets - Beginning of year	1,385,337	0	1,385,337
Net assets - End of year	\$ 1,215,729	\$ 14,256	\$ 1,229,985

See accompanying notes to financial statements.

Child Start, Inc.

Statements of Functional Expenses Years Ended April 30, 2021 and 2020

	2021		
	Program Services	Management and General	Total Expenses
Salaries and benefits	\$ 6,745,758	\$ 903,807	\$ 7,649,565
Contractual	770,883	15,156	786,039
Repairs and maintenance	88,774	2,071	90,845
Rent and utilities	355,175	10,099	365,274
Travel and training	224,572	6,396	230,968
Supplies	605,945	13,299	619,244
Program activities	143,258	0	143,258
Other	232,285	30,432	262,717
Insurance	125,021	17,611	142,632
Printing and postage	18,997	5,063	24,060
Depreciation and amortization	345,951	10,084	356,035
Interest expense	149,912	0	149,912
Lease expense	620,973	86,062	707,035
In-kind expenses	1,593,062	0	1,593,062
Total expenses	\$ 12,020,566	\$ 1,100,080	\$ 13,120,646

See accompanying notes to financial statements.

Child Start, Inc.

Statements of Functional Expenses (Continued)

Years Ended April 30, 2021 and 2020

	2020			Total Expenses
	Program Services	Management and General	Fundraising	
Salaries and benefits	\$ 7,394,485	\$ 837,579	\$ 0	\$ 8,232,064
Contractual	632,819	138,211	5,058	776,088
Repairs and maintenance	71,481	11,288	0	82,769
Rent and utilities	278,801	98,858	0	377,659
Travel and training	168,126	18,906	0	187,032
Supplies	500,475	52,090	7,288	559,853
Program activities	362,360	0	0	362,360
Other	51,342	21,906	354	73,602
Insurance	113,919	17,653	0	131,572
Printing and postage	29,764	7,973	132	37,869
Depreciation and amortization	397,247	10,084	0	407,331
Interest expense	156,789	0	0	156,789
Lease expense	707,503	0	0	707,503
In-kind expenses	1,684,897	0	0	1,684,897
Total expenses	\$ 12,550,008	\$ 1,214,548	\$ 12,832	\$ 13,777,388

See accompanying notes to financial statements.

Child Start, Inc.

Statements of Cash Flows Years Ended April 30, 2021 and 2020

	2021	2020
Increase (decrease) in cash:		
Cash flows from operating activities:		
Changes in net assets	(\$ 97,154)	(\$ 155,352)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	356,035	407,331
Loss on disposal of equipment	0	893
Payments of operating lease obligations	(634,711)	(597,837)
Amortization of operating lease assets included in lease expense	634,844	599,744
Changes in operating assets and liabilities:		
Grants receivable	(321,509)	258,921
Accounts receivable	(7,587)	11,269
Prepaid expenses	(56,681)	(2,374)
Accounts payable	155,236	(56,842)
Deferred revenue	9,328	17,789
Accrued expenses	30,609	(225,006)
Net cash provided by operating activities	68,410	258,536
Cash flows from investing activities:		
Purchase of property and equipment	(55,778)	0
Net cash used in investing activities	(55,778)	0
Cash flows from financing activities:		
Payments of finance lease obligations	(144,574)	(136,175)
Net cash used in financing activities	(144,574)	(136,175)
Changes in cash	(131,942)	122,361
Cash - Beginning of year	958,866	836,505
Cash - End of year	\$ 826,924	\$ 958,866
Supplemental schedule of other cash activity:		
Interest paid on finance lease obligations	\$ 149,912	\$ 156,789
Supplemental schedule of noncash operating and investing activity:		
Assets acquired with operating lease obligations	334,664	183,944

See accompanying notes to financial statements.

Child Start, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

Nature of Operations

Child Start, Inc. (the “Organization”) was organized as a nonprofit organization in 1958. The Organization’s mission is to provide early childhood development services that prepare children for lifelong success. Principal activities include such programs as Head Start and Early Head Start in Sedgwick, Harper, Butler, and Greenwood Counties and Child Care Aware Early Childhood Connections Program which covers 5 counties in the State of Kansas. The Organization’s revenues and other support are derived principally from contributions and federal and state grants.

The Organization received approximately 95% and 94% of its grant revenue for the years ended April 30, 2021, and 2020, from the U.S. Department of Health and Human Services (DHHS) under the Federal Head Start program. The Organization was notified they will be required to recompile for the Butler/Greenwood Head Start grant for the grant period beginning May 1, 2022.

Basis of Presentation

The financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States.

Classification of Net Assets

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

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations or where donor-imposed stipulations are met in the year of the contribution.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed stipulations that may or may not be met either by actions of the Organization and/or the passage of time. When a restriction expires, net assets with donor restrictions are transferred to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. If a restriction is satisfied in the year of contribution, the contribution is recorded as revenue without restrictions.

Use of Estimates

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

Child Start, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue Recognition

Contributions, including promises to give, are considered conditional or unconditional, depending on the nature and existence of any donor or grantor conditions. A contribution or promise to give contains a donor or grantor condition when both of the following are present:

- An explicit identifying of a barrier, that is more than trivial, that must be overcome before the revenue can be earned and recognized
- An implicit right of return of assets transferred or a right of release of a donor or grantor's obligation to transfer assets promised, if the condition is not met

Unconditional contributions or conditional contributions in which the conditions have been substantially met or explicitly waived by the donor are recorded as support with or without donor restrictions, depending on the existence and nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Conditional contributions are recognized when the barriers to entitlement are overcome and the promises become unconditional. Unconditional contributions are recognized as revenue when received.

Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award.

A. Grant Awards That Are Contributions

Grants that qualify as contributions are recorded as invoiced to the funding sources in accordance with the terms of the award and ASC Subtopic 958-605. Revenue is recognized in the accounting period when the related expenses are incurred. Amounts received or receivable in excess of expenses are reflected as a refundable advance liability.

B. Grant Awards That Are Exchange Transactions

Exchange transactions are reimbursed based on a predetermined rate for services performed. The revenue is recognized in the period the service is performed.

Accounts Receivable

The Organization considers the accounts receivable to be fully collectible, accordingly, no allowance for doubtful accounts receivable is recorded. If amounts become uncollectible, they will be charged to operations when that determination is made.

Child Start, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Lease Assets and Obligations

The Organization has elected to apply the short-term lease exception to all leases of one year or less. In addition, the Organization does not record lease assets and liabilities for its leases with annual options to extend (year-to-year leases) since these leases are cancellable and without definite lease terms. Lease terms do not include renewal periods that management is not reasonably certain to exercise as of the lease effective date. The discount rate used for leases accounted for under ASC 842 is the Organization's incremental borrowing rate of 6% since the discount rate implicit in the leases cannot be readily determined.

Property and Equipment

Property and equipment are recorded at cost and depreciated using the straight-line method over the estimated useful life of the asset. The Organization capitalizes property and equipment purchased with a cost greater than \$5,000 and a useful life of more than one year. Donations of property and equipment are recorded as support at their estimated fair value on the date of donation. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose.

Property and equipment purchased with grant funds are owned by the Organization while used in the program for which they were purchased or in other future authorized programs. However, the various funding sources have a reversionary interest in the property and equipment purchased with grant funds. Its disposition, as well as the ownership of any proceeds therefrom, is subject to funding source regulations. The net book value of property and equipment purchased with grant funds was \$303,432 and \$385,602 as of April 30, 2021 and 2020.

Income Taxes

The Organization is qualified for tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and a similar provision of Kansas law.

The Organization is required to assess whether it is more likely than not that a tax position will be sustained upon examination on the technical merits of the position assuming the taxing authority has full knowledge of all information. If the tax position does not meet the more likely than not recognition threshold, the benefit of that position is not recognized in the financial statements. The Organization has determined there are no amounts to record as assets or liabilities related to uncertain tax positions.

Indirect Cost Rate

To facilitate equitable distribution of common purpose costs benefiting more than one direct cost objective, the Organization has negotiated an indirect cost rate with DHHS. The rate is based upon a percentage of total direct salaries and wages, including all fringe benefits. A provisional rate of 14.80% was approved by DHHS effective until April 30, 2021.

Functional Allocation

The costs of providing the various programs and activities have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Personnel costs are allocated based on time and effort reporting. Rent and related costs are allocated based on square footage.

Child Start, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

In-Kind Contributions

The Organization has recorded in-kind contributions for space, supplies, and professional services on the statements of activities and statements of functional expenses in accordance with a financial accounting standard that requires that only contributions of service received that create or enhance a nonfinancial asset or required specialized skill by the individual possessing those skills and would typically need to be purchased if not provided by donation be recorded. The requirements of this standard are different than the in-kind requirements of several of the Organization's grant awards. The Organization received contributions during the years ended April 30, 2021, and 2020, with a value of \$277,528 and \$989,207, primarily for its Head Start and Early Head Start programs, which are not recorded in the statements of activities or statements of functional expenses.

Recently Adopted Accounting Pronouncement

In 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This ASU, as amended, provides comprehensive guidance on the recognition of revenue from customers arising from the transfer of goods and services, guidance on accounting for certain contract costs, and new disclosures. The new standard replaces previous revenue recognition requirements and most industry-specific guidance. The Organization has adopted ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* as of May 1, 2020. Management has adopted the guidance on a modified retrospective basis and analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognizes revenue. There was no cumulative effect on beginning net assets of applying the new standard and its amendments for the year ended April 30, 2020.

Upcoming Accounting Pronouncement

In 2020, the FASB issued ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)*, which is intended to improve transparency in reporting contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure. ASU No. 2020-07 will require not-for-profit entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets, and disclose:

- a. A disaggregation of the amount of contributed nonfinancial assets recognized within the statement of activities by category that depicts the type of contributed nonfinancial assets.
- b. For each category of contributed nonfinancial assets recognized:
 - i. Qualitative information about whether the contributed nonfinancial assets were either monetized or utilized during the reporting period. If utilized, a not-for-profit entity will disclose a description of the programs or other activities in which those nonfinancial assets were used.
 - ii. The not-for-profit entity's policy (if any) about monetizing rather than utilizing contributed nonfinancial assets.
 - iii. A description of any donor-imposed restrictions associated with the contributed nonfinancial assets.
 - iv. A description of the valuation techniques and inputs used to arrive at a fair value measure, in accordance with the requirements in Topic 820, *Fair Value Measurement*, at initial recognition.
 - v. The principal market (or most advantageous market) used to arrive at a fair value measure if it is a market in which the recipient not-for-profit entity is prohibited by a donor-imposed restriction from selling or using the contributed nonfinancial assets.

Child Start, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Upcoming Accounting Pronouncement (Continued)

ASU No. 2020-07 is effective for fiscal years beginning after June 15, 2021, with early adoption permitted. ASU No. 2020-07 must be applied modified retrospectively. The Organization is evaluating the impact of the provisions of ASU No. 2020-07.

Subsequent Events

Subsequent events have been evaluated through September 23, 2021, which is the date the financial statements were available to be issued.

Note 2: Concentration of Credit Risk

The Organization maintains their cash balance in one financial institution which is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At times during the year, balances in these accounts may exceed the insurance limits. Management believes the financial institution has a strong credit rating and credit risk related to these deposits is minimal.

Note 3: Liquidity and Availability of Financial Assets

Financial assets available for general expenditure, that is, without donor or other restrictions or designations limiting their use, within twelve months of the statement of financial position date, comprise the following as of April 30:

	2021	2020
Cash	\$ 826,924	\$ 958,866
Grants receivable	758,689	437,180
Accounts receivable	8,072	485
Total financial assets	1,593,685	1,396,531
Less: Accounts payable	400,333	245,097
Less: Accrued expenses	296,662	266,053
Less: Net assets with donor restrictions	13,196	14,256
Total available financial assets	\$ 883,494	\$ 871,125

The Organization has no formal liquidity policy and relies on available grant funding that is requested and received shortly thereafter to ensure it has cash available to meet its current obligations to vendors and employees.

Child Start, Inc.

Notes to Financial Statements

Note 4: Grants Receivable

Grants receivable consist of the following at April 30:

	2021	2020
Federal Head Start/Early Head Start	\$ 597,833	\$ 391,906
Child & Adult Care Food Program	16,186	8,612
Early Childhood Connections	144,670	36,662
<u>Total grants receivable</u>	<u>\$ 758,689</u>	<u>\$ 437,180</u>

Note 5: Property and Equipment

Property and equipment consist of the following at April 30:

	2021	2020
Land	\$ 70,782	\$ 70,782
Buildings and leasehold improvements	785,011	761,015
Equipment	1,462,892	1,948,278
Subtotals	2,318,685	2,780,075
Less accumulated depreciation	(2,004,831)	(2,373,968)
<u>Totals</u>	<u>\$ 313,854</u>	<u>\$ 406,107</u>

Depreciation expense was \$148,031 and \$199,327 for the years ended April 30, 2021 and 2020, respectively.

Note 6: Lease Assets and Obligations

The Organization leases properties for operation of its programs. The leases are reported as finance leases, operating leases, or short-term leases.

Finance Lease Assets and Obligations

The Organization classifies two of its leases as finance leases since the present value of the lease payments equals or exceeds substantially all of the fair value of the assets. The finance lease assets are initially measured at cost, which is comprised of the sum of the initial amount of the finance lease liability, initial direct costs incurred, and lease payments made before or at lease commencement, reduced for any lease incentives received. The Organization amortizes the finance lease assets on a straight-line basis over the period from the commencement date to the earlier of the end of the useful life of the asset or the end of the lease term. The finance lease assets cost was \$3,120,047 at April 30, 2021 and 2020. Accumulated amortization on finance lease assets was \$508,815 and \$300,811 at April 30, 2021 and 2020, respectively.

The finance lease liability is initially measured at the present value of the lease payments, discounted using the discount rate determined at commencement. Subsequent to commencement, the finance lease liability is measured on an amortized cost basis using the effective interest method. The lease liability is remeasured if the Organization changes its assessment of whether it will exercise a purchase, extension, or termination option.

Child Start, Inc.

Notes to Financial Statements

Note 6: Lease Assets and Obligations (Continued)

The Organization recognizes the following amounts on the statements of activities during each period of the leases: amortization of the finance lease asset, interest on the lease liability, any variable lease payments in the period in which the obligation is incurred, and any impairment of the finance lease asset. Amortization of the finance lease assets is included in depreciation and amortization expense and finance lease interest costs are included in interest expense on the statements of functional expenses. There was no impairment of the finance lease assets during the years ended April 30, 2021 or 2020. Amortization expense for the finance leases were \$208,004 and \$208,004 during the years ended April 30, 2021 and 2020, respectively. Interest expense for the finance leases were \$149,912 and \$156,789 for the years ended April 30, 2021 and 2020, respectively.

The following is a schedule of future minimum payments required under finance lease obligations as of April 30, 2021:

2022	\$	299,320
2023		302,379
2024		305,507
2025		308,706
2026		311,978
Thereafter		2,504,619
<hr/>		
Total minimum lease payments		4,032,509
Amount representing interest		(1,245,922)
<hr/>		
Present value of net minimum lease payments		2,786,587
Less – Current portion		153,491
<hr/>		
Total long-term portion	\$	2,633,096

The weighted-average remaining lease term for finance leases was 12.56 years at April 30, 2021. The weighted-average discount rate was 6.00% at April 30, 2021.

Operating Lease Assets and Liabilities

The Organization classifies leases as operating leases if they are not short-term leases (see below) or finance leases. For operating leases, the Organization recognizes a right-of-use asset and a lease liability at lease commencement. The initial liability and asset are calculated the same for operating leases as described above for finance leases. The operating lease assets cost was \$2,980,595 and accumulated amortization was \$1,790,460 at April 30, 2021. The operating lease assets cost was \$2,645,930 and accumulated amortization was \$1,155,615 at April 30, 2020.

The Organization recognizes a single lease expense on the statement of functional expenses, calculated so that the remaining cost of the lease is allocated over the remaining lease term on a straight-line basis. The lease cost equals the total lease payments for the lease term, plus total initial direct costs incurred, less the periodic lease cost previously recognized. Any variations in lease payments dependent on a rate or index are expensed in the period in which they are incurred. There were no other variable payments outside of those based on an index or rate. Lease expense was \$707,035 and \$707,503 for the years ended April 30, 2021 and 2020, respectively.

Child Start, Inc.

Notes to Financial Statements

Note 6: Lease Assets and Obligations (Continued)

The following is a schedule of future minimum payments required under operating lease obligations as of April 30, 2021:

2022	\$ 573,544
2023	169,489
2024	151,091
2025	115,971
2026	115,970
Thereafter	281,089
<hr/>	
Total minimum lease payments	1,407,154
Amount representing interest	(216,565)
<hr/>	
Present value of net minimum lease payments	1,190,589
Less – Current portion	516,984
<hr/>	
Total long-term portion	\$ 673,605

The weighted-average remaining lease term for operating leases was 5.65 years at April 30, 2021. The weighted-average discount rate was 6.00% at April 30, 2021.

Short-term leases

Short-term leases include leases that at the commencement date have a lease term of 12 months or less and cancellable leases with annual options to extend (year-to-year leases).

Rental expense under short-term leases was \$96,490 and \$93,200 for the years ended April 30, 2021 and 2020, respectively.

Note 7: Net Assets with Donor Restrictions

The Organization has net assets with donor restrictions of \$13,196 and \$14,256 as of April 30, 2021 and 2020, respectively. These net assets are restricted for a scholarship fund that was established by contributions to the Organization. Net assets with donor restrictions of \$3,250 were released from restrictions for scholarships that were awarded during the year ended April 30, 2021.

Note 8: Retirement Plan

The Organization has a defined contribution retirement plan authorized under Section 403(b) of the Internal Revenue Code. The plan is open to substantially all employees. The Board of Directors annually determines the amount, if any, of the Organization's contribution to the plan. The Organization's contributions for the years ended April 30, 2021 and 2020, were \$187,728 and \$169,701.

Child Start, Inc.

Notes to Financial Statements

Note 9: Grant Awards

At April 30, 2021, the Organization had commitments under various grants of approximately \$1,300,000. These commitments are not recognized in the accompanying financial statements as receivables and revenue as they are conditional awards.

Note 10: Business Conditions

The COVID-19 pandemic, whose effects first became known in January 2020, is having an impact on commerce and financial markets around the world. The Organization is closely monitoring and actively working to minimize the impact of COVID-19. The extent of the impact of COVID-19 on the Organization's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on the Organization's customers, employees, and vendors, all of which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact the Organization's future financial position and changes in net assets and cash flows is uncertain and the accompanying financial statements include no adjustments relating to the future effects of this pandemic.

Supplementary Information

Child Start, Inc.

Schedule A-1
 Schedule of Program Activity
 Year Ended April 30, 2021

	FEDERAL PROGRAMS						
	Department of Agriculture				Department of Health and Human Services		
	10.558				93.575		
	Total	Child & Adult Care Food Program 2019/2020 (1)	Child & Adult Care Food Program 2020/2021 (2)	10.558 Subtotal	Child Care and Development Block Grant 2019/2020 (3)	Child Care and Development Block Grant 2020/2021 (4)	93.575 Subtotal
REVENUE							
Grant revenue	\$ 11,329,467	\$ 19,713	\$ 81,224	\$ 100,937	\$ 17,484	\$ 82,332	\$ 99,816
Donations	66,050	0	0	0	0	0	0
Interest income	261	0	0	0	0	0	0
Other income	34,652	0	0	0	0	0	0
In-kind contributions	1,593,062	0	0	0	0	0	0
Total Revenue	13,023,492	19,713	81,224	100,937	17,484	82,332	99,816
EXPENSES							
Salaries and benefits	7,649,565	0	0	0	17,379	64,720	82,099
Contractual	786,039	0	0	0	0	467	467
Repairs and maintenance	90,845	0	0	0	0	33	33
Rent and utilities	365,274	0	0	0	0	7,823	7,823
Travel and training	230,968	0	0	0	0	12	12
Supplies	619,244	0	0	0	0	28	28
Equipment	0	0	0	0	0	0	0
Program activities	143,258	19,713	81,224	100,937	0	0	0
Other	262,717	0	0	0	0	130	130
Insurance	142,632	0	0	0	0	0	0
Indirect	0	0	0	0	105	8,927	9,032
Printing and postage	24,060	0	0	0	0	192	192
Depreciation and amortization	356,035	0	0	0	0	0	0
Interest expense	149,912	0	0	0	0	0	0
Lease expense	707,035	0	0	0	0	0	0
In-kind expenses	1,593,062	0	0	0	0	0	0
Total Expenses	13,120,646	19,713	81,224	100,937	17,484	82,332	99,816
Change in Net Assets	(97,154)	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0
Net assets - Beginning of year	1,229,985	0	0	0	0	0	0
NET ASSETS - End of year	\$ 1,132,831	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

See Independent Auditor's Report.

Child Start, Inc.

Schedule A-2
 Schedule of Program Activity
 Year Ended April 30, 2021

FEDERAL PROGRAMS							
Department of Health and Human Services							
93.600							
	Head Start 07CH010338-05 (5)	Head Start Training and Tech. Assist. 07CH010338-05 (6)	Early Head Start 07CH010338-05 (7)	Early Head Start T&TA 07CH010338-05 (8)	COVID-19 Head Start 07CH010338-05 (9)	COVID-19 Early Head Start 07CH010338-05 (10)	07CH010338-05 Subtotal
REVENUE							
Grant revenue	\$ 6,077,881	\$ 78,126	\$ 2,836,536	\$ 72,050	\$ 304,946	\$ 146,761	\$ 9,516,300
Donations	1,178	0	0	0	0	0	1,178
Interest income	2	0	0	0	0	0	2
Other income	0	0	0	0	0	0	0
In-kind contributions	1,211,130	0	497,243	0	0	0	1,708,373
Total Revenue	7,290,191	78,126	3,333,779	72,050	304,946	146,761	11,225,853
EXPENSES							
Salaries and benefits	3,664,642	0	1,979,984	0	0	0	5,644,626
Contractual	617,215	0	78,990	0	29,798	3,199	729,202
Repairs and maintenance	37,885	0	18,148	0	16,196	7,558	79,787
Rent and utilities	847,542	0	284,325	0	0	0	1,131,867
Travel and training	2,927	77,173	14,684	62,987	23,653	15,131	196,555
Supplies	144,165	953	52,233	9,063	193,213	118,430	518,057
Equipment	17,332	0	0	0	0	0	17,332
Program activities	26,734	0	15,397	0	0	190	42,321
Other	98,009	0	55,538	0	40,636	1,576	195,759
Insurance	68,306	0	41,481	0	0	0	109,787
Indirect	546,023	0	291,462	0	0	0	837,485
Printing and postage	8,281	0	4,294	0	1,450	677	14,702
Depreciation and amortization	0	0	0	0	0	0	0
Interest expense	0	0	0	0	0	0	0
Lease expense	0	0	0	0	0	0	0
In-kind expenses	1,211,130	0	497,243	0	0	0	1,708,373
Total Expenses	7,290,191	78,126	3,333,779	72,050	304,946	146,761	11,225,853
Change in Net Assets	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0
Net assets - Beginning of year	0	0	0	0	0	0	0
NET ASSETS - End of year	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

See Independent Auditor's Report.

Child Start, Inc.

Schedule A-3
 Schedule of Program Activity
 Year Ended April 30, 2021

	FEDERAL PROGRAMS						
	Department of Health and Human Services						
	93.600				93.434		
	Butler/Greenwood Head Start 07CH010483-04 (11)	Butler/Greenwood Head Start T&TA 07CH010483-04 (12)	COVID-19 Butler/Greenwood Head Start 07CH010483-04 (13)	07CH010483-04 Subtotal	93.600 Subtotal	Quality Childcare Program 90TP0078-01 (14)	Quality Beginnings (Rural) 90TP0078-01 (15)
REVENUE							
Grant revenue	\$ 1,151,371	\$ 13,488	\$ 59,759	\$ 1,224,618	\$ 10,740,918	\$ 14,389	\$ 40,527
Donations	3,236	0	0	3,236	4,414	0	0
Interest income	0	0	0	0	2	0	0
Other income	0	0	0	0	0	0	0
In-kind contributions	162,217	0	0	162,217	1,870,590	0	0
Total Revenue	1,316,824	13,488	59,759	1,390,071	12,615,924	14,389	40,527
EXPENSES							
Salaries and benefits	837,465	0	0	837,465	6,482,091	3,223	25,768
Contractual	33,048	0	804	33,852	763,054	0	382
Repairs and maintenance	5,531	0	3,239	8,770	88,557	0	9
Rent and utilities	80,781	0	0	80,781	1,212,648	0	1,014
Travel and training	9,614	13,464	2,165	25,243	221,798	365	220
Supplies	21,917	24	42,769	64,710	582,767	9,099	4,545
Equipment	0	0	0	0	17,332	0	0
Program activities	0	0	0	0	42,321	0	0
Other	13,686	0	10,492	24,178	219,937	800	3,696
Insurance	14,327	0	0	14,327	124,114	0	0
Indirect	135,894	0	0	135,894	973,379	901	4,868
Printing and postage	2,344	0	290	2,634	17,336	1	25
Depreciation and amortization	0	0	0	0	0	0	0
Interest expense	0	0	0	0	0	0	0
Lease expense	0	0	0	0	0	0	0
In-kind expenses	162,217	0	0	162,217	1,870,590	0	0
Total Expenses	1,316,824	13,488	59,759	1,390,071	12,615,924	14,389	40,527
Change in Net Assets	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0
Net assets - Beginning of year	0	0	0	0	0	0	0
NET ASSETS - End of year	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

See Independent Auditor's Report.

Child Start, Inc.

Schedule A-4
 Schedule of Program Activity
 Year Ended April 30, 2021

	FEDERAL PROGRAMS					
	Department of Health and Human Services					
	93.434					
	Strengthening Sedgwick Families 90TP0078-01 (16)	Wichita Child Care Access 90TP0078-01 (17)	93.434 Subtotal	Total Federal Programs	Early Childhood Connections (18)	Other (19)
REVENUE						
Grant revenue	\$ 22,756	\$ 33,209	\$ 110,881	\$ 11,052,552	\$ 213,952	\$ 21,657
Donations	0	0	0	4,414	0	8,980
Interest income	0	0	0	2	0	0
Other income	0	0	0	0	0	29,672
In-kind contributions	0	0	0	1,870,590	0	0
Total Revenue	22,756	33,209	110,881	12,927,558	213,952	60,309
EXPENSES						
Salaries and benefits	16,663	17,484	63,138	6,627,328	109,656	8,774
Contractual	135	365	882	764,403	2,220	4,260
Repairs and maintenance	9	8	26	88,616	154	4
Rent and utilities	1,054	1,014	3,082	1,223,553	41,807	1,202
Travel and training	261	86	932	222,742	1,638	192
Supplies	1,780	4,738	20,162	602,957	484	2,504
Equipment	0	0	0	17,332	0	0
Program activities	0	0	0	143,258	0	0
Other	73	5,337	9,906	229,973	601	1,711
Insurance	0	0	0	124,114	907	0
Indirect	2,743	4,093	12,605	995,016	14,046	2,285
Printing and postage	38	84	148	17,676	81	1,240
Depreciation and amortization	0	0	0	0	0	0
Interest expense	0	0	0	0	0	0
Lease expense	0	0	0	0	0	0
In-kind expenses	0	0	0	1,870,590	0	0
Total Expenses	22,756	33,209	110,881	12,927,558	171,594	22,172
Change in Net Assets	0	0	0	0	42,358	38,137
Transfers	0	0	0	0	0	0
Net assets - Beginning of year	0	0	0	0	3,133	53,204
NET ASSETS - End of year	\$ 0	\$ 0	\$ 0	\$ 0	\$ 45,491	\$ 91,341

See Independent Auditor's Report.

Child Start, Inc.

Schedule A-5

Schedule of Program Activity

Year Ended April 30, 2021

	DISCRETIONARY ACTIVITY					
	Total State and Local Programs	Total Programs	GAAP Adjustments (20)	Grant- Funded Equipment (21)	Corporate Activities (22)	
REVENUE						
Grant revenue	\$ 235,609	\$ 11,288,161	\$ 0	\$ 38,446	\$ 2,860	\$ 41,306
Donations	8,980	13,394	0	0	52,656	52,656
Interest income	0	2	0	0	259	259
Other income	29,672	29,672	0	0	4,980	4,980
In-kind contributions	0	1,870,590	(277,528)	0	0	(277,528)
Total Revenue	274,261	13,201,819	(277,528)	38,446	60,755	(178,327)
EXPENSES						
Salaries and benefits	118,430	6,745,758	0	0	903,807	903,807
Contractual	6,480	770,883	0	0	15,156	15,156
Repairs and maintenance	158	88,774	0	0	2,071	2,071
Rent and utilities	43,009	1,266,562	(911,387)	0	10,099	(901,288)
Travel and training	1,830	224,572	0	0	6,396	6,396
Supplies	2,988	605,945	0	0	13,299	13,299
Equipment	0	17,332	0	(17,332)	0	(17,332)
Program activities	0	143,258	0	0	0	0
Other	2,312	232,285	0	0	30,432	30,432
Insurance	907	125,021	0	0	17,611	17,611
Indirect	16,331	1,011,347	0	0	(1,011,347)	(1,011,347)
Printing and postage	1,321	18,997	0	0	5,063	5,063
Depreciation and amortization	0	0	208,003	137,948	10,084	356,035
Interest expense	0	0	149,912	0	0	149,912
Lease expense	0	0	620,973	0	86,062	707,035
In-kind expenses	0	1,870,590	(277,528)	0	0	(277,528)
Total Expenses	193,766	13,121,324	(210,027)	120,616	88,733	(678)
Change in Net Assets	80,495	80,495	(67,501)	(82,170)	(27,978)	(177,649)
Transfers	0	0	67,501	0	(67,501)	0
Net assets - Beginning of year	56,337	56,337	0	385,602	788,046	1,173,648
NET ASSETS - End of year	\$ 136,832	\$ 136,832	\$ 0	\$ 303,432	\$ 692,567	\$ 995,999

See Independent Auditor's Report.

Child Start, Inc.

Schedule B-1 Schedule of Expenditures of Federal Awards Year Ended April 30, 2021

Federal Grantor/Program Title	CFDA Number	Pass-Through Entity Identifying	Funding Source/ Pass-Through Entity	Program Period	Grant Expenditures
DEPARTMENT OF AGRICULTURE					
(1) Child & Adult Care Food Program 2018/2019	10.558	N/A	Kansas State Department of Education	10/01/19 - 09/30/20	\$ 19,713
(2) Child & Adult Care Food Program 2019/2020		N/A	Kansas State Department of Education	10/01/20 - 09/30/21	81,224
Total Federal Expenditures CFDA #10.558					100,937
DEPARTMENT OF HEALTH AND HUMAN SERVICES					
CCDF Cluster:					
(3) Child Care Development Block Grant 2018/2019	93.575	N/A	Child Care Aware of Kansas	07/01/18 - 06/30/19	17,484
(4) Child Care Development Block Grant 2019/2020		N/A	Child Care Aware of Kansas	07/01/19 - 06/30/20	82,332
Total Federal Expenditures CFDA #93.575 CCDF Cluster					99,816
Head Start Cluster:					
(5) Head Start	93.600	07CH010338-05	U.S. Department of Health and Human Services	05/01/20 - 04/29/22	6,077,881
(6) Head Start - Training and Technical Assistance		07CH010338-05	U.S. Department of Health and Human Services	05/01/20 - 04/29/22	78,126
(7) Early Head Start		07CH010338-05	U.S. Department of Health and Human Services	05/01/20 - 04/29/22	2,836,536
(8) Early Head Start - Training and Technical Assistance		07CH010338-05	U.S. Department of Health and Human Services	05/01/20 - 04/29/22	72,050
(9) COVID-19 Head Start		07CH010338-05	U.S. Department of Health and Human Services	05/01/20 - 04/29/22	304,946
(10) COVID-19 Early Head Start		07CH010338-05	U.S. Department of Health and Human Services	05/01/20 - 04/29/22	146,761
(11) Head Start		07CH010483-04	U.S. Department of Health and Human Services	05/01/20 - 04/30/21	1,151,371
(12) Head Start - Training and Technical Assistance		07CH010483-04	U.S. Department of Health and Human Services	05/01/20 - 04/30/21	13,488
(13) COVID-19 Head Start		07CH010483-04	U.S. Department of Health and Human Services	05/01/20 - 04/30/21	59,759
Total Federal Expenditures CFDA #93.600 Head Start Cluster					10,740,918

See Independent Auditor's Report.

Child Start, Inc.

Schedule B-2 Schedule of Expenditures of Federal Awards Year Ended April 30, 2021

Federal Grantor/Program Title	CFDA Number	Pass-Through Entity Identifying	Funding Source/ Pass- Through Entity	Program Period	Grant Expenditures
DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONTINUED)					
(14) Quality Childcare Program	93.434	90TP0078-01	U.S. Department of Health and Human Services	11/30/20 - 4/29/21	14,389
(15) Quality Beginnings (Rural)		90TP0078-01	U.S. Department of Health and Human Services	11/30/20 - 4/29/21	40,527
(16) Strengthening Sedgwick Families		90TP0078-01	U.S. Department of Health and Human Services	11/30/20 - 4/29/21	22,756
(17) Wichita Child Care Access		90TP0078-01	U.S. Department of Health and Human Services	11/30/20 - 4/29/21	33,209
Total Federal Expenditures CFDA #93.434					110,881
TOTAL FEDERAL EXPENDITURES					\$ 11,052,552

Notes to Schedule of Expenditures of Federal Awards

Note 1 - Basis of Presentation

The Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of Child Start, Inc. under programs of the federal government for the year ended April 30, 2021. The information in this schedule is presented in accordance with the 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 Child Start, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of Child Start, Inc.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 - Indirect Cost Rate

Child Start, Inc. has an approved indirect cost rate, and therefore, did not use the 10% de minimis cost rate.

Note 4 - Subrecipients

No federal grant awards were passed through to subrecipients during the year ended April 30, 2021.

See Independent Auditor's Report.

Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters

Board of Directors
Child Start, Inc.
Wichita, Kansas

We have audited, in accordance with the auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Child Start, Inc., which comprise the statement of financial position as of April 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 23, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Child Start, Inc.’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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of Child Start, Inc.’s internal control. Accordingly, we do not express an opinion on the effectiveness of Child Start, Inc.’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 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 Child Start, Inc.'s 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 Child Start, Inc.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Child Start, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Wipfli LLP". The signature is written in a cursive, flowing style.

Wipfli LLP

September 23, 2021
Madison, Wisconsin

Independent Auditor's Report on Compliance for the Major Federal Program and on Internal Control Over Compliance

Board of Directors
Child Start, Inc.
Wichita, Kansas

Report on Compliance for the Major Federal Program

We have audited Child Start, Inc.'s 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 its major federal program for the year ended April 30, 2021. Child Start, Inc.'s major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility for Compliance

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Child Start, Inc.'s major federal program 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; 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 Child Start, Inc.'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 the major federal program. However, our audit does not provide a legal determination on Child Start, Inc.'s compliance.

Opinion

In our opinion, Child Start, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended April 30, 2021.

Report on Internal Control Over Compliance

Management of Child Start, Inc. 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 Child Start, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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 Child Start, Inc.'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.



Wipfli LLP

September 23, 2021
Madison, Wisconsin

Child Start, Inc.

Schedule of Federal Findings and Questioned Costs Year Ended April 30, 2021

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued?	Unmodified
Internal control over financial reporting: Material weaknesses identified?	No
Significant deficiencies identified?	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major federal programs: Material weaknesses identified?	No
Significant deficiencies identified?	None Reported

Type of auditor's report issued on compliance for major program Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance [2 CFR 200.516(a)]? No

Identification of major federal programs:

<u>Name of Federal Major Program or Cluster</u>	<u>CFDA No.</u>
---	-----------------

Head Start Cluster	93.600
--------------------	--------

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

Section IV - Summary Schedule of Prior Year Findings

None