

Child Start, Inc.

Wichita, Kansas

Financial Statements
and Supplementary Information

Years Ended April 30, 2024 and 2023



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Child Start, Inc

Years Ended April 30, 2024 and 2023

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Independent Auditor's Report

Board of Directors
Child Start, Inc
Wichita, Kansas

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Child Start, Inc (a nonprofit organization), which comprise the statements of financial position as of April 30, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Child Start, Inc as of April 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Basis for Opinion

We conducted our audits 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Child Start, Inc and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Child Start, Inc's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Child Start, Inc's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Child Start, Inc's ability to continue as a going concern for a reasonable period of time.

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

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, Schedules A-1 to A-4, and the schedule of expenditures of federal awards, Schedules B, 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 audit 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 of America. 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 December 18, 2024, 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.

Wipfli LLP

Wipfli LLP

Madison, Wisconsin
December 18, 2024

Child Start, Inc.

Statements of Financial Position

April 30, 2024 and 2023

	<i>Assets</i>	2024	2023
Current assets:			
Cash		\$ 1,283,044	\$ 1,413,075
Grants receivable		890,496	602,860
Accounts receivable		21,349	14,258
Promises to give, net		25,974	258,901
Prepaid expenses		57,150	63,782
Total current assets		2,278,013	2,352,876
Other assets:			
Promises to give, net of current portion		759,224	2,093,977
Right-of-use operating lease assets, net		1,070,393	1,588,640
Right-of-use financing lease assets, net		4,406,403	4,875,934
Property and equipment, net		1,820,219	1,403,967
Total other assets		8,056,239	9,962,518
TOTAL ASSETS		\$ 10,334,252	\$ 12,315,394
	<i>Liabilities and Net Assets</i>		
Current liabilities:			
Current portion of operating lease obligations		\$ 209,902	\$ 252,855
Current portion of finance lease obligations		366,405	335,620
Accounts payable		641,061	380,640
Deferred revenue and refundable advance liability		16,665	227,148
Accrued expenses		431,814	354,656
Total current liabilities		1,665,847	1,550,919
Long-term liabilities:			
Operating lease obligations		864,279	1,363,444
Finance lease obligations		4,649,837	5,016,242
Total long-term liabilities		5,514,116	6,379,686
Total liabilities		7,179,963	7,930,605
Net assets:			
Without donor restrictions		2,365,299	2,028,119
With donor restrictions		788,990	2,356,670
Total net assets		3,154,289	4,384,789
TOTAL LIABILITIES AND NET ASSETS		\$ 10,334,252	\$ 12,315,394

See accompanying notes to financial statements.

Child Start, Inc.

Statements of Activities

Years Ended April 30, 2024 and 2023

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue:			
Grant revenue	\$ 14,450,312	\$ 0	\$ 14,450,312
Donations	44,296	0	44,296
Interest income	268	0	268
Other income	88,920	0	88,920
Loss on lease termination	(1,393,933)	0	(1,393,933)
Contributed nonfinancial assets	1,180,387	0	1,180,387
Net assets released from restrictions	1,567,680	(1,567,680)	0
Total revenue	15,937,930	(1,567,680)	14,370,250
Expenses:			
Program services:			
Early childhood education	12,951,297	0	12,951,297
Early childhood connections program	522,179	0	522,179
Food programs	300,763	0	300,763
Other outreach	322,943	0	322,943
Total program services	14,097,182	0	14,097,182
Support services:			
Management and general	1,503,568	0	1,503,568
Total expenses	15,600,750	0	15,600,750
Change in net assets	337,180	(1,567,680)	(1,230,500)
Net assets - Beginning of year	2,028,119	2,356,670	4,384,789
Net assets - End of year	\$ 2,365,299	\$ 788,990	\$ 3,154,289

See accompanying notes to financial statements.

Child Start, Inc.

Statements of Activities (Continued)

Years Ended April 30, 2024 and 2023

	2023		Total
	Without Donor Restrictions	With Donor Restrictions	
Revenue:			
Grant revenue	\$ 13,139,914	\$ 0	\$ 13,139,914
Donations	128,748	103	128,851
Interest income	223	0	223
Other income	41,637	0	41,637
Contributed nonfinancial assets	1,280,136	0	1,280,136
Net assets released from restrictions	274,638	(274,638)	0
Total revenue	14,865,296	(274,535)	14,590,761
Expenses:			
Program services:			
Early childhood education	12,000,455	0	12,000,455
Early childhood connections program	334,608	0	334,608
Food programs	254,436	0	254,436
Early childhood development	276,046	0	276,046
Other outreach	369,055	0	369,055
Total program services	13,234,600	0	13,234,600
Support services:			
Management and general	1,358,030	0	1,358,030
Total expenses	14,592,630	0	14,592,630
Change in net assets	272,666	(274,535)	(1,869)
Net assets - Beginning of year	1,755,453	2,631,205	4,386,658
Net assets - End of year	\$ 2,028,119	\$ 2,356,670	\$ 4,384,789

See accompanying notes to financial statements.

Child Start, Inc.

Statements of Functional Expenses Years Ended April 30, 2024 and 2023

	2024							
	Program Services				Support Services			
	Early Childhood Education	Early Childhood Connections	Food Programs	Other Outreach	Total Program Services	Management and General	Total Expenses	
Salaries and benefits	\$ 8,271,074	\$ 348,301	\$ 0	\$ 13,148	\$ 8,632,523	\$ 1,117,205	\$ 9,749,728	
Contractual	760,034	8,635	0	38,043	806,712	41,808	848,520	
Repairs and maintenance	165,167	1,394	0	1,525	168,086	2,603	170,689	
Rent and utilities	584,186	61,446	0	2,011	647,643	89,745	737,388	
Travel and training	268,136	18,769	0	10,422	297,327	30,850	328,177	
Supplies	203,447	71,430	0	254,820	529,697	46,079	575,776	
Program activities	59,938	0	300,763	211	360,912	0	360,912	
Other	208,664	6,370	0	2,355	217,389	147,700	365,089	
Insurance	147,454	1,599	0	0	149,053	20,042	169,095	
Printing and postage	16,938	4,235	0	408	21,581	7,181	28,762	
Depreciation and amortization	607,678	0	0	0	607,678	355	608,033	
Interest expense	309,261	0	0	0	309,261	0	309,261	
In-kind expenses	1,349,320	0	0	0	1,349,320	0	1,349,320	
Total expenses	\$ 12,951,297	\$ 522,179	\$ 300,763	\$ 322,943	\$ 14,097,182	\$ 1,503,568	\$ 15,600,750	

See accompanying notes to financial statements.

Child Start, Inc.

Statements of Functional Expenses (Continued)

Years Ended April 30, 2024 and 2023

	2023							
	Program Services					Support Services		
	Early Childhood Education	Early Childhood Connections	Food Programs	Early Childhood Development	Other Outreach	Total Program Services	Management and General	Total Expenses
Salaries and benefits	\$ 6,674,273	\$ 259,631	\$ 0	\$ 81,807	\$ 18,869	\$ 7,034,580	\$ 1,048,702	\$ 8,083,282
Contractual	790,952	6,095	0	27,308	5,647	830,002	31,765	861,767
Repairs and maintenance	87,228	829	0	70	4,807	92,934	2,016	94,950
Rent and utilities	1,223,215	46,995	0	11,559	1,475	1,283,244	86,136	1,369,380
Travel and training	243,441	4,346	0	6,861	29,744	284,392	22,976	307,368
Supplies	125,015	8,623	0	143,140	300,194	576,972	31,169	608,141
Program activities	28,781	30	254,436	4,500	130	287,877	0	287,877
Other	176,917	5,716	0	144	6,815	189,592	104,118	293,710
Insurance	137,562	1,251	0	0	0	138,813	20,641	159,454
Printing and postage	20,408	1,092	0	657	1,374	23,531	7,770	31,301
Depreciation and amortization	613,684	0	0	0	0	613,684	2,737	616,421
Interest expense	329,205	0	0	0	0	329,205	0	329,205
In-kind expenses	1,549,774	0	0	0	0	1,549,774	0	1,549,774
Total expenses	\$ 12,000,455	\$ 334,608	\$ 254,436	\$ 276,046	\$ 369,055	\$ 13,234,600	\$ 1,358,030	\$ 14,592,630

See accompanying notes to financial statements.

Child Start, Inc.

Statements of Cash Flows

Years Ended April 30, 2024 and 2023

	2024	2023
Increase (decrease) in cash:		
Cash flows from operating activities:		
Changes in net assets	(\$ 1,230,500)	(\$ 1,869)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation and amortization	608,033	616,421
Loss on lease termination	1,393,933	0
Amortization of discount on promises to give to in-kind contributions	(65,654)	(150,016)
Non-cash promises to give recognized in in-kind expenses	239,401	419,654
Non-cash lease expense	518,247	266,866
Changes in operating assets and liabilities:		
Grants receivable	(287,636)	(76,383)
Accounts receivable	(7,091)	(7,187)
Prepaid expenses	6,632	37,274
Accounts payable	260,421	100,108
Deferred revenue and refundable advance liability	(210,483)	224,634
Accrued expenses	77,158	31,445
Right-of-use operating lease obligations	(542,118)	(249,331)
Net cash from operating activities	760,343	1,211,616
Cash flows from investing activities:		
Purchases of property and equipment	(554,754)	(550,992)
Net cash from investing activities	(554,754)	(550,992)
Cash flows from financing activities:		
Payments of finance lease obligations	(335,620)	(313,181)
Net cash from financing activities	(335,620)	(313,181)
Changes in cash	(130,031)	347,443
Cash - Beginning of year	1,413,075	1,065,632
Cash - End of year	\$ 1,283,044	\$ 1,413,075
Supplemental schedule of other cash activity:		
Interest paid on finance lease obligations	\$ 309,261	\$ 329,205

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 the 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 92% and 90% of its grant revenue for the years ended April 30, 2024 and 2023 from the U.S. Department of Health and Human Services (DHHS) under the Federal Head Start and Early Head Start program.

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 of America (GAAP).

Classification of Net Assets

Net assets and revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets for the Organization 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.

Use of Estimates

The preparation of the financial statements in accordance with GAAP 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 identification 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.

Conditional contributions are recognized when the barrier(s) to entitlement are overcome. Unconditional contributions are recognized as revenue when received.

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. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized.

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. 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 in accordance with the terms of the award. Revenue is recognized when control of the promised goods or services is transferred to the customer (grantor) in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Amounts received in excess of recognized revenue are reflected as a contract liability. The Organization has no grant awards that are exchange transactions.

Child Start, Inc

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Grants and Accounts Receivable

The Organization analyzes accounts and grants receivables and records an allowance that management believes will reserve for possible losses on existing receivables that may become uncollectible. The evaluations take into consideration such factors as changes in the customer's creditworthiness, prior loss experience, and current and projected economic conditions. An account is considered uncollectible when all collection efforts prove worthless. The Organization considers accounts and grants receivable to be fully collectible. Accordingly, no allowance for doubtful accounts has been recorded as of April 30, 2024 and 2023.

Promises to Give

Promises to give are recognized when the donor makes an unconditional promise to give to the Organization. Promises to be collected in less than one year are reported at net realizable value. Promises that are expected to be collected in future years are recorded at the present value of estimated future cash flows on a discounted basis applicable to the years in which the promises were received. The amortization of the discount is recognized as contribution income over the duration of the promises to give. The Organization considers these receivables to be collectible, and therefore, no allowance for uncollectible amounts has been recorded. If an amount becomes delinquent after all collection efforts have failed, the account is written off.

Lease Assets and Obligations

The Organization is a lessee in multiple noncancelable operating and financing leases. If the contract provides the Organization the right to substantially all the economic benefits and the right to direct the use of the identified asset, it is considered to be or contain a lease. Operating and financing lease assets and obligations are recognized at the lease commencement date based on the present value of the future lease payments over the expected lease term. The lease asset is also adjusted for any lease prepayments made, lease incentives received, and initial direct costs incurred.

The lease obligation is initially and subsequently recognized based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. Increases (decreases) to variable lease payments due to subsequent changes in an index or rate are recorded as variable lease expense (income) in the future period in which they are incurred.

The Organization has elected to use the Organization's incremental borrowing rate as the discount rate if the implicit rate in the lease contract is not readily determinable.

The lease asset for operating leases is subsequently measured throughout the lease term at the amount of the remeasured lease obligation (i.e., present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received, and any impairment recognized. For operating leases with lease payments that fluctuate over the lease term, the total lease costs are recognized on a straight-line basis over the lease term. The lease asset for finance leases is amortized on a straight-line basis over the lease term.

Child Start, Inc

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Lease Assets and Obligations (Continued)

For all underlying classes of assets, the Organization has elected to not recognize lease assets and lease obligations for short-term leases that have a lease term of 12 months or less at lease commencement and do not include an option to purchase the underlying asset that the Organization is reasonably certain to exercise. Leases containing termination clauses in which either party may terminate the lease without cause and the notice period is less than 12 months are deemed short-term leases with lease costs included in short-term lease expense. The Organization recognizes short-term lease cost on a straight-line basis over the lease term.

The Organization made an accounting policy election for all classes of leases to not separate the lease components of a contract and its associated non-lease components.

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 \$1,807,429 and \$1,394,650 as of April 30, 2024, and 2023.

Impairment of Long-Lived Assets

The Organization reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset and its fair value are less than the carrying amount of that asset. The Organization has not recognized any impairment of long lived assets during 2024 and 2023.

Child Start, Inc

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

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 Allocation

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 16.10% was approved by DHHS effective until April 30, 2024.

Functional Allocation of Expenses

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.

Contributed Nonfinancial Assets

Contributed nonfinancial assets include in-kind contributions for space, supplies, and professional services recorded 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. As described in Note 5, the Organization has changed its policy for accounting for promises to give for discounted rent in-kind contributions. The Organization received contributions during the years ended April 30, 2024 and 2023 with a value of \$1,716,397 and \$1,392,198, primarily for its Head Start and Early Head Start programs, which are not recorded in the statements of activities or statements of functional expenses.

Reclassifications

Certain amounts as previously reported in the 2023 statement of functional expenses and statement of cash flows have been reclassified to conform to the 2024 presentation. Such reclassifications have no effect on reported amounts of net assets or change in net assets.

Child Start, Inc

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Subsequent Events

Subsequent events have been evaluated through December 18, 2024, 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 12 months of the statements of financial position dates, comprise the following as of April 30:

	2024	2023
Cash	\$ 1,283,044	\$ 1,413,075
Accounts Receivable	21,349	14,258
Subtotal financial assets	1,304,393	1,427,333
Less: Refundable advance liability	15,000	225,308
Less: Net assets with donor restrictions included in financial assets	3,792	3,792
Totals available financial assets	\$ 1,285,601	\$ 1,198,233

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. In addition, the Organization has grant commitments for future expenses as described further in Note 10.

Child Start, Inc

Notes to Financial Statements

Note 4: Grants Receivable

Grants receivable consisted of the following at April 30:

	2024	2023
Federal Head Start/Early Head Start	\$ 791,589	\$ 475,089
Child and Adult Care Food Program	38,602	27,265
Other Childhood Programs	60,305	100,506
Totals	\$ 890,496	\$ 602,860

Note 5: Promises to Give

The Organization considers future in-kind contributions for discounted rent to be unconditional contributions and, accordingly, has recorded promises to give for such contributions.

Promises to give consist of the following at April 30

	2024	2023
Contributed use of property	\$ 1,272,661	\$ 3,377,479
Less: unamortized discount	(487,463)	(1,024,601)
Total promises to give, net	\$ 785,198	\$ 2,352,878

Future maturities on the promises to give are as follows:

2025		\$ 25,974
2026		27,576
2027		29,276
2028		31,082
2029		32,999
Thereafter		638,291
Total		\$ 785,198

Promises to give due in more than one year are reflected at present value using a discount rate of 6% for the contributed use of property.

During the year ended April 30, 2024, a lease with discounted rent previously included in promises to give was terminated early. A loss of \$1,393,933 was recognized on the date the lease was terminated.

Child Start, Inc

Notes to Financial Statements

Note 6: Property and Equipment

Property and equipment consisted of the following at April 30:

<i>Years Ended April 30, 2024 and 2023</i>	2024	2023
Land	\$ 70,782	\$ 70,782
Buildings and Leasehold improvements	2,347,643	1,959,165
Equipment	1,229,771	1,269,730
Subtotals	3,648,196	3,299,677
Less: Accumulated depreciation	(1,827,977)	(1,895,710)
Totals	\$ 1,820,219	\$ 1,403,967

Depreciation expense was \$138,502 and \$128,145 for the years ended April 30, 2024 and 2023, respectively.

Note 7: Leases

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 three 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 obligation, 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 \$6,122,292 at April 30, 2024 and 2023. Accumulated amortization on finance lease assets was \$1,715,889 and \$1,246,358 at April 30, 2024 and 2023, respectively.

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 obligation, 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, 2024 or 2023. Amortization expense for the finance leases was \$469,531 and \$488,275 during the years ended April 30, 2024 and 2023, respectively. Interest expense for the finance leases were \$309,261 and \$329,205 for the years ended April 30, 2024 and 2023, respectively.

Child Start, Inc

Notes to Financial Statements

Note 7: Leases (Continued)

The following is a schedule of future minimum payments required under finance lease obligations as of April 30, 2024:

2025	\$	655,581
2026		666,353
2027		677,200
2028		688,123
2029		703,061
Thereafter		3,739,736
<hr/>		
Total lease payments		7,130,054
Less imputed interest		(2,113,812)
<hr/>		
Total	\$	5,016,242

The weighted-average remaining lease term for finance leases was 9.15 and 10.45 years at April 30, 2024 and 2023, respectively. The weighted-average discount rate was 6.00% at April 30, 2024 and 2023.

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 lease asset and a lease obligation at lease commencement. The initial obligation and asset are calculated the same for operating leases as described above for finance leases.

The Organization recognizes operating lease expense, 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, which is included in rent and utilities on the Statements of Functional Expenses, was \$311,902 and \$596,230 for the years ended April 30, 2024 and 2023, respectively.

Child Start, Inc

Notes to Financial Statements

Note 7: Leases (Continued)

The following is a schedule of future minimum payments required under operating lease obligations as of April 30, 2024:

2025	\$	268,244
2026		269,800
2027		193,720
2028		61,837
2029		49,824
Thereafter		626,953
<hr/>		
Total lease payments		1,470,378
Less imputed interest		(396,197)
<hr/>		
Total	\$	1,074,181

The weighted-average remaining lease term for operating leases was 14.24 and 12.99 years at April 30, 2024 and 2023, respectively. The weighted-average discount rate was 6.00% at April 30, 2024 and 2023.

Short-term leases

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

Rental expense under short-term leases was \$99,600 and \$99,000 for the years ended April 30, 2024 and 2023, respectively, and is included in rent and utilities expense on the statements of functional expenses.

Note 8: Net Assets with Donor Restriction

Net assets with donor restrictions consisted of the following at April 30:

	2024	2023
Promises to give - time restriction	\$ 785,198	\$ 2,352,878
Scholarship fund - purpose restriction	3,792	3,792
<hr/>		
Total net assets with donor restrictions	\$ 788,990	\$ 2,356,670

Child Start, Inc

Notes to Financial Statements

Note 8: Net Assets with Donor Restriction (Continued)

Net assets with donor restrictions were released from restrictions as follows for the years ended April 30:

	2024	2023
Promises to give and lease termination - time elapsed	\$ 1,567,680	\$ 269,638
Scholarships - purpose restriction met	-	5,000
Total net assets released from restrictions	\$ 1,567,680	\$ 274,638

Note 9: 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, 2024 and 2023, were \$209,610 and \$177,446, respectively.

Note 10: Grant Awards

At April 30, 2024, the Organization had commitments under various grants of approximately \$197,000. These commitments are not recognized in the accompanying financial statements as receivables and revenue as they are conditional awards.

Note 11: Contributed Nonfinancial Assets

Contributed nonfinancial assets consisted of the following at April 30:

	2024	2023
Contributed space	\$ 1,074,900	\$ 1,160,898
Supplies	38,866	59,579
Professional services	65,495	57,290
Other	1,126	2,369
Total	\$ 1,180,387	\$ 1,280,136

The Organization recognizes contributed nonfinancial assets as in-kind contributions revenue on the statements of activities. Promises to give related to contributed space are reported as net assets with donor restrictions due to the time restriction of the promises to give; otherwise, contributed nonfinancial assets did not have donor-imposed restrictions.

Child Start, Inc

Notes to Financial Statements

Note 11: Contributed Nonfinancial Assets (Continued)

The contributed space, supplies, and professional services are used for child education program activities. In valuing contributed space, the Organization estimated the fair value based on certified appraisal reports. Contributed supplies are valued at the estimated fair market value of the supply received, with consideration for age and condition of the supply at the time of the contribution. Contributed professional services are valued at estimated rates consistent with those paid for similar work in the labor market within the area the service is performed.

Supplementary Information

Child Start, Inc.

Schedule A-1
 Schedule of Program Activity
 Year Ended April 30, 2024

	FEDERAL PROGRAMS						
	Department of Agriculture			Department of Health and Human Services			
	10.558			93.575			
	Total	Child & Adult Care Food Program 2022/2023 (1)	Child & Adult Care Food Program 2023/2024 (2)	10.558 Subtotal	Child Care and Development Block Grant 2022/2023 (3)	Child Care and Development Block Grant 2023/2024 (4)	Health Care Network 2023/2024 (5)
REVENUE							
Grant revenue	14,450,312	\$ 106,935	\$ 193,828	\$ 300,763	\$ 26,595	\$ 98,259	\$ 97,691
Donations	44,296	0	0	0	0	0	0
Interest income	268	0	0	0	0	0	0
Other income	88,920	0	0	0	0	0	0
Loss on lease termination	(1,393,933)	0	0	0	0	0	0
Contributed nonfinancial assets	1,180,387	0	0	0	0	0	0
Total Revenue	14,370,250	106,935	193,828	300,763	26,595	98,259	97,691
EXPENSES							
Salaries and benefits	9,749,728	0	0	0	20,328	73,770	63,202
Contractual	848,520	0	0	0	95	874	407
Repairs and maintenance	170,689	0	0	0	11	62	41
Rent and utilities	737,388	0	0	0	1,888	9,528	5,879
Travel and training	328,177	0	0	0	0	1,132	1,700
Supplies	575,776	0	0	0	0	64	16,265
Equipment	0	0	0	0	0	0	0
Program activities	360,912	106,935	193,828	300,763	0	0	0
Other	365,089	0	0	0	26	618	500
Insurance	169,095	0	0	0	0	0	0
Indirect	0	0	0	0	4,251	10,620	9,302
Printing and postage	28,762	0	0	0	0	1,468	115
Depreciation and amortization	608,033	0	0	0	0	0	0
Interest expense	309,261	0	0	0	0	0	0
In-kind expenses	1,349,320	0	0	0	0	0	0
Total Expenses	15,600,750	106,935	193,828	300,763	26,599	98,136	97,411
Change in Net Assets	(1,230,500)	0	0	0	(4)	123	280
Transfers	0	0	0	0	4	(123)	(280)
Net assets - Beginning of year	4,384,789	0	0	0	0	0	0
NET ASSETS - End of year	\$ 3,154,289	\$ 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, 2024

	FEDERAL PROGRAMS						
	Department of Health and Human Services						
	93.575			93.600			
Child Care Workforce Professional Development 2023/2024 (6)	Child Care Grants Navigator CRRSA/ARP 2021/2023 (7)	93.575 Subtotal	Head Start 07CH011978-03 (8)	Head Start Training and Tech. Assist. 07CH011978-03 (9)	Early Head Start 07CH011978-03 (10)	Early Head Start T&TA 07CH011978-03 (11)	
REVENUE							
Grant revenue	\$ 84,633	\$ 8,947	\$ 316,125	\$ 9,262,910	\$ 91,614	\$ 3,871,692	\$ 72,050
Donations	0	0	0	270	0	0	0
Interest income	0	0	0	2	0	0	0
Other income	0	0	0	9,009	0	7,809	0
Loss on lease termination	0	0	0	0	0	0	0
Contributed nonfinancial assets	0	0	0	2,073,409	0	997,172	0
Total Revenue	84,633	8,947	316,125	11,345,600	91,614	4,876,673	72,050
EXPENSES							
Salaries and benefits	37,314	8,898	203,512	5,838,668	0	2,432,406	0
Contractual	486	0	1,862	619,745	0	140,289	0
Repairs and maintenance	29	0	143	119,912	0	45,255	0
Rent and utilities	4,491	47	21,833	934,949	0	316,337	0
Travel and training	3,077	0	5,909	78,875	91,614	25,597	72,050
Supplies	27,695	2	44,026	102,518	0	100,929	0
Equipment	0	0	0	300,665	0	230,651	0
Program activities	0	0	0	37,689	0	22,249	0
Other	193	0	1,337	138,260	0	70,404	0
Insurance	0	0	0	101,535	0	45,919	0
Indirect	11,019	0	35,192	988,404	0	443,498	0
Printing and postage	108	0	1,691	10,971	0	5,967	0
Depreciation and amortization	0	0	0	0	0	0	0
Interest expense	0	0	0	0	0	0	0
In-kind expenses	0	0	0	2,073,409	0	997,172	0
Total Expenses	84,412	8,947	315,505	11,345,600	91,614	4,876,673	72,050
Change in Net Assets	221	0	620	0	0	0	0
Transfers	(221)	0	(620)	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, 2024

	FEDERAL PROGRAMS		STATE & LOCAL PROGRAMS				
	DHHS						
	93.600						
	93.600	Total	Early	Disaster Ready	ECBD	Child	Other
	Subtotal	Federal	Childhood	Childcare System	(14)	Care	(16)
		Programs	Connections	(13)		Sustainability	
			(12)			(15)	
REVENUE							
Grant revenue	\$ 13,298,266	\$ 13,915,154	\$ 171,228	\$ 921	84,147	\$ 278,862	\$ 0
Donations	270	270	0	0	0	0	8,314
Interest income	2	2	0	0	0	0	0
Other income	16,818	16,818	0	0	0	0	80,771
Loss on lease termination	0	0	0	0	0	0	0
Contributed nonfinancial assets	3,070,581	3,070,581	0	0	0	0	0
Total Revenue	16,385,937	17,002,825	171,228	921	84,147	278,862	89,085
EXPENSES							
Salaries and benefits	8,271,074	8,474,586	100,459	780	43,550	0	13,148
Contractual	760,034	761,896	6,160	0	613	11,313	26,730
Repairs and maintenance	165,167	165,310	1,203	0	48	1,517	8
Rent and utilities	1,251,286	1,273,119	33,015	0	6,598	0	2,011
Travel and training	268,136	274,045	8,404	0	4,456	7,664	2,758
Supplies	203,447	247,473	5,492	0	21,912	246,640	8,180
Equipment	531,316	531,316	2,834	0	0	11,517	5,259
Program activities	59,938	360,701	0	0	0	211	0
Other	208,664	210,001	4,928	0	105	0	2,355
Insurance	147,454	147,454	1,599	0	0	0	0
Indirect	1,431,902	1,467,094	19,665	111	6,241	0	1,884
Printing and postage	16,938	18,629	2,028	0	516	0	408
Depreciation and amortization	0	0	0	0	0	0	0
Interest expense	0	0	0	0	0	0	0
In-kind expenses	3,070,581	3,070,581	0	0	0	0	0
Total Expenses	16,385,937	17,002,205	185,787	891	84,039	278,862	62,741
Change in Net Assets	0	620	(14,559)	30	108	0	26,344
Transfers	0	(620)	0	0	0	0	0
Net assets - Beginning of year	0	0	102,704	0	0	0	115,365
NET ASSETS - End of year	\$ 0	\$ 0	\$ 88,145	\$ 30	\$ 108	\$ 0	\$ 141,709

See Independent Auditor's Report.

Child Start, Inc.

Schedule A-4
 Schedule of Program Activity
 Year Ended April 30, 2024

	DISCRETIONARY ACTIVITY					
	Total State and Local Programs	Total Programs	GAAP Adjustments (17)	Grant- Funded Equipment (18)	Corporate Activities (19)	Total Discretionary
REVENUE						
Grant revenue	\$ 535,158	\$ 14,450,312	\$ 0	\$ 0	\$ 0	\$ 0
Donations	8,314	8,584	0	0	35,712	35,712
Interest income	0	2	0	0	266	266
Other income	80,771	97,589	(8,680)	0	11	(8,669)
Loss on lease termination	0	0	(1,393,933)	0	0	(1,393,933)
Contributed nonfinancial assets	0	3,070,581	(1,890,194)	0	0	(1,890,194)
Total Revenue	624,243	17,627,068	(3,292,807)	0	35,989	(3,256,818)
EXPENSES						
Salaries and benefits	157,937	8,632,523	0	0	1,117,205	1,117,205
Contractual	44,816	806,712	0	0	41,808	41,808
Repairs and maintenance	2,776	168,086	0	0	2,603	2,603
Rent and utilities	41,624	1,314,743	(667,100)	0	89,745	(577,355)
Travel and training	23,282	297,327	0	0	30,850	30,850
Supplies	282,224	529,697	0	0	46,079	46,079
Equipment	19,610	550,926	0	(550,926)	0	(550,926)
Program activities	211	360,912	0	0	0	0
Other	7,388	217,389	0	0	147,700	147,700
Insurance	1,599	149,053	0	0	20,042	20,042
Indirect	27,901	1,494,995	0	0	(1,494,995)	(1,494,995)
Printing and postage	2,952	21,581	0	0	7,181	7,181
Depreciation and amortization	0	0	469,531	138,147	355	608,033
Interest expense	0	0	309,261	0	0	309,261
In-kind expenses	0	3,070,581	(1,721,261)	0	0	(1,721,261)
Total Expenses	612,320	17,614,525	(1,609,569)	(412,779)	8,573	(2,013,775)
Change in Net Assets	11,923	12,543	(1,683,238)	412,779	27,416	(1,243,043)
Transfers	0	(620)	1,683,238	0	(1,682,618)	620
Net assets - Beginning of year	218,069	218,069	0	1,394,650	2,772,070	4,166,720
NET ASSETS - End of year	\$ 229,992	\$ 229,992	\$ 0	\$ 1,807,429	\$ 1,116,868	\$ 2,924,297

See Independent Auditor's Report.

Child Start, Inc.

Schedule B

Schedule of Expenditures of Federal Awards

Year Ended April 30, 2024

Federal Grantor/Program Title	AL Number	Federal/Pass-Through Entity Identifying Number	Funding Source/ Pass-Through Entity	Program Period	Grant Expenditures
DEPARTMENT OF AGRICULTURE					
(1) Child & Adult Care Food Program 2022/2023	10.558	N/A	Kansas State Department of Education	10/01/22 - 09/30/23	\$ 106,935
(2) Child & Adult Care Food Program 2022/2023	10.558	N/A	Kansas State Department of Education	10/01/23 - 09/30/24	193,828
Total Federal Expenditures AL #10.558					300,763
DEPARTMENT OF HEALTH AND HUMAN SERVICES					
CCDF Cluster:					
(3) Child Care Development Block Grant 2022/2023	93.575	N/A	Child Care Aware of Kansas	07/01/22 - 06/30/23	26,595
(4) Child Care Development Block Grant 2023/2024	93.575	N/A	Child Care Aware of Kansas	07/01/23 - 06/30/24	98,259
(5) Health Care Network 2023/2024	93.575	N/A	Child Care Aware of Kansas	10/01/23 - 09/30/24	97,691
(6) Child Care Workforce Professional Development 2023/2024	93.575	N/A	Kansas Child Care Training Opportunities, Inc.	07/01/23 - 06/30/24	84,633
(7) COVID-19 Child Care Grants Navigator 2021/2023	93.575	N/A	Child Care Aware of Kansas	04/01/21 - 06/30/23	8,947
Total Federal Expenditures AL #93.575 CCDF Cluster					316,125
Head Start Cluster:					
(8) Head Start	93.600	07CH011978-03	U.S. Department of Health and Human Services	05/01/23 - 04/30/24	9,262,910
(9) Head Start - Training and Technical Assistance	93.600	07CH011978-03	U.S. Department of Health and Human Services	05/01/23 - 04/30/24	91,614
(10) Early Head Start	93.600	07CH011978-03	U.S. Department of Health and Human Services	05/01/23 - 04/30/24	3,871,692
(11) Early Head Start - Training and Technical Assistance	93.600	07CH011978-03	U.S. Department of Health and Human Services	05/01/23 - 04/30/24	72,050
Total Federal Expenditures AL #93.600 Head Start Cluster					13,298,266
TOTAL FEDERAL EXPENDITURES					\$ 13,915,154

See Independent Auditor's Report.

See accompanying Notes to Schedule of Expenditures of Federal Awards.

Child Start, Inc.

Notes to Schedule of Expenditures of Federal Awards

Year Ended April 30, 2024

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, 2024. 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, 2024.

See Independent Auditor's Report.

Independent Auditor's 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*

Board of Directors
Child Start, Inc
Wichita, Kansas

We have audited, 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, the financial statements of Child Start, Inc, which comprise the statement of financial position as of April 30, 2024 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 December 18, 2024.

Report on 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 the 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 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 or significant deficiencies may exist that have not been identified.

Report on 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 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.

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

Wipfli LLP

Madison, Wisconsin
December 18, 2024

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

Board of Directors
Child Start, Inc
Wichita, Kansas

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Child Start, Inc's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended April 30, 2024. 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.

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, 2024.

Basis for Opinion on the Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Child Start, Inc and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Child Start, Inc's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Child Start, Inc's federal programs.

Auditor's Responsibility for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Child Start, Inc's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance, will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Child Start, Inc's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Child Start, Inc's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Child Start, Inc's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Child Start, Inc's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 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 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over-compliance. Accordingly, no such opinion is expressed.

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

Madison, Wisconsin
December 18, 2024

Child Start, Inc

Schedule of Findings and Questioned Costs

Year Ended April 30, 2024

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on whether the financial statements were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X None Reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major federal program:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X 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 2 CFR 200.516(a)? _____ Yes X No

Identification of major federal programs

<u>AL Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.600	Head Start Cluster

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

Auditee qualified as low-risk auditee? X Yes _____ No

Child Start, Inc
Schedule of Findings and Questioned Costs (Continued)

Year Ended April 30, 2024

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

Section IV - Summary Schedule of Prior Year Findings

None