

**KNOX COUNTY HEAD START, INC.**

**FINANCIAL STATEMENTS  
AND  
SUPPLEMENTARY INFORMATION**

**Years Ended July 31, 2021 and 2020**

**DRAFT**

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**KNOX COUNTY HEAD START, INC.  
FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION  
Years Ended July 31, 2021 and 2020**

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Specializing in Audits  
of Non-Profit Agencies

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Knox County Head Start, Inc.  
Mt. Vernon, Ohio  
Employer Identification No.: 31-0724689

**Report on the Financial Statements**

I have audited the accompanying financial statements of Knox County Head Start, Inc. (a non-profit organization) which comprise the Statements of Financial Position as of July 31, 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 of America; 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***

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my 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. Those standards require that I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Knox County Head Start, Inc. as of July 31, 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 of America.

To the Board of Directors  
Knox County Head Start, Inc.  
Mount Vernon, Ohio

## **Other Matters**

### ***Other Information***

My audit was conducted for the purpose of forming an opinion on the financial statements of Knox County Head Start, Inc. taken as a whole. The accompanying Schedule of Federal Awards Expenditures for the year ended July 31, 2021, as required by Title 2 U.S. *Code of Federal Regulations CFR* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is 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 my opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, I have also issued a report dated May 31, 2022, on my consideration of Knox County Head Start, Inc.'s internal control over financial reporting and on my 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 my 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 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 Knox County Head Start, Inc.'s internal control over financial reporting and compliance.

Medina, Ohio  
May 31, 2022

**KNOX COUNTY HEAD START, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**July 31, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 690,942	\$ 620,443
Grants and reimbursement contracts receivable	505,499	275,400
Accounts receivable - parent fees	-	7,549
Unconditional promises to give	65,400	47,767
Prepaid expenses	<u>-</u>	<u>36,201</u>
<b>TOTAL CURRENT ASSETS</b>	1,261,841	987,360
<b>PROPERTY</b>		
Land	57,822	57,822
Buildings and building improvements	778,879	638,127
Playgrounds and playground equipment	521,840	443,967
Vehicles	224,328	199,328
Other equipment	<u>99,810</u>	<u>94,110</u>
	1,682,679	1,433,354
Less accumulated depreciation	<u>(779,907)</u>	<u>(716,569)</u>
	<u>902,772</u>	<u>716,785</u>
<b>TOTAL ASSETS</b>	<u>\$ 2,164,613</u>	<u>\$ 1,704,145</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Trade accounts payable	\$ 372,274	\$ 207,881
Accrued salaries, payroll taxes and withholdings	62,415	61,419
Refundable advances	<u>49,470</u>	<u>53,724</u>
<b>TOTAL CURRENT LIABILITIES</b>	484,159	323,024
<b>NET ASSETS</b>		
Without donor restrictions	1,615,054	1,333,354
With donor restrictions	<u>65,400</u>	<u>47,767</u>
<b>TOTAL NET ASSETS</b>	<u>1,680,454</u>	<u>1,381,121</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 2,164,613</u>	<u>\$ 1,704,145</u>

Please refer to accompanying notes.

**KNOX COUNTY HEAD START, INC.**  
**STATEMENTS OF ACTIVITIES**  
**Years Ended July 31, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b>CHANGES IN UNRESTRICTED NET ASSETS</b>		
<b>UNRESTRICTED SUPPORT AND REVENUE</b>		
Child Care revenue	\$ 907,173	\$ 838,989
Other revenue	54,595	114,304
In-kind contributions	643,791	705,188
	<u>1,605,559</u>	<u>1,658,481</u>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>		
Satisfaction of program restrictions		
Federal grant revenue	3,529,161	3,256,816
State and local grant revenue	368,404	336,354
United Way revenue	113,167	143,300
Paycheck Protection Program Funds	-	175,000
	<u>4,010,732</u>	<u>3,911,470</u>
	5,616,291	5,569,951
<b>UNRESTRICTED EXPENSES</b>		
<b>PROGRAM EXPENSES</b>		
Federal Head Start Programs	3,519,680	3,363,914
Child and Adult Care Food Program	160,378	138,788
Child Care Program	751,751	713,062
Corporate Activity	382,716	600,826
	<u>4,814,525</u>	<u>4,816,590</u>
<b>MANAGEMENT AND GENERAL EXPENSES</b>	520,066	515,068
	<u>5,334,591</u>	<u>5,331,658</u>
<b>INCREASE IN UNRESTRICTED NET ASSETS</b>	281,700	238,293
<b>CHANGES IN DONOR RESTRICTED NET ASSETS</b>		
Federal grant revenue	3,529,161	3,256,816
State and local grant revenue	368,404	261,715
United Way Revenue	130,800	-
Paycheck Protection Program Funds	-	175,000
Federal grant revenue released from restrictions	(3,529,161)	(3,256,816)
State and local grant revenue released from restrictions	(368,404)	(336,354)
United Way revenue released from restrictions	(113,167)	(143,300)
Paycheck Protection Program Funds released from restrictions	-	(175,000)
	<u>17,633</u>	<u>(217,939)</u>
<b>INCREASE (DECREASE) IN DONOR RESTRICTED NET ASSETS</b>	17,633	(217,939)
<b>INCREASE IN NET ASSETS</b>	299,333	20,354
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>1,381,121</u>	<u>1,360,767</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 1,680,454</u>	<u>\$ 1,381,121</u>

Please refer to accompanying notes.

KNOX COUNTY HEAD START, INC.  
 STATEMENT OF FUNCTIONAL EXPENSES  
 Year Ended July 31, 2021

	FEDERAL HEAD START PROGRAMS	CHILD AND ADULT CARE FOOD PROGRAM	CHILD CARE PROGRAM	CORPORATE ACTIVITY	TOTAL PROGRAM SERVICES	MANAGE- MENT AND GENERAL	AGENCY TOTALS
Salaries and wages	\$ 1,779,605	\$ 93,473	\$ 485,794	\$ 129,450	\$ 2,488,322	\$ 389,744	\$ 2,878,066
Fringe benefits	363,471	22,917	121,460	19,766	527,614	68,175	595,789
Supplies	237,752	15,680	49,266	29,898	332,596	9,823	342,419
Space	150,473	-	33,054	2,721	186,248	6,140	192,388
Contractual	189,701	-	12,480	67,038	269,219	28,116	297,335
Food	44,261	28,221	34,515	12,734	119,731	-	119,731
Equipment/renovations	5,762	-	1,359	295	7,416	-	7,416
Travel	9,317	-	554	7,204	17,075	1,395	18,470
Staff training	61,525	-	6,643	5,593	73,761	3,462	77,223
Bus operations	-	-	31	12,107	12,138	-	12,138
Depreciation	-	-	-	63,338	63,338	-	63,338
Other	34,022	87	6,595	32,572	73,276	13,211	86,487
In-kind expenses	643,791	-	-	-	643,791	-	643,791
	<u>\$ 3,519,680</u>	<u>\$ 160,378</u>	<u>\$ 751,751</u>	<u>\$ 382,716</u>	<u>\$ 4,814,525</u>	<u>\$ 520,066</u>	<u>\$ 5,334,591</u>

Please refer to accompanying notes.

KNOX COUNTY HEAD START, INC.  
 STATEMENT OF FUNCTIONAL EXPENSES  
 Year Ended July 31, 2020

	FEDERAL HEAD START PROGRAMS	CHILD AND ADULT CARE FOOD PROGRAM	CHILD CARE PROGRAM	CORPORATE ACTIVITY	TOTAL PROGRAM SERVICES	MANAGE- MENT AND GENERAL	AGENCY TOTALS
Salaries and wages	\$ 1,611,298	\$ 83,893	\$ 441,771	\$ 263,594	\$ 2,400,556	\$ 372,243	\$ 2,772,799
Fringe benefits	392,342	20,056	115,842	66,287	594,527	72,623	667,150
Supplies	204,916	13,803	71,543	18,715	308,977	716	309,693
Space	139,198	-	19,769	4,913	163,880	5,739	169,619
Contractual	169,194	-	23,968	36,507	229,669	38,345	268,014
Food	59,311	21,036	24,350	12,317	117,014	-	117,014
Travel	16,986	-	733	6,479	24,198	5,905	30,103
Staff training	28,935	-	4,589	42,898	76,422	6,011	82,433
Bus operations	-	-	805	9,254	10,059	-	10,059
Depreciation	-	-	-	34,326	34,326	-	34,326
Other	36,546	-	9,692	105,536	151,774	13,486	165,260
In-kind expenses	705,188	-	-	-	705,188	-	705,188
	<u>\$ 3,363,914</u>	<u>\$ 138,788</u>	<u>\$ 713,062</u>	<u>\$ 600,826</u>	<u>\$ 4,816,590</u>	<u>\$ 515,068</u>	<u>\$ 5,331,658</u>

Please refer to accompanying notes.



**KNOX COUNTY HEAD START, INC.**  
**STATEMENTS OF CASH FLOWS**  
**Years Ended July 31, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (decrease) in net assets	\$ 299,333	\$ 20,354
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation of property and equipment	63,338	34,326
(Increase) decrease in assets:		
Grants/reimbursement contracts and accounts receivable	(222,550)	61,377
Unconditional promises to give	(17,633)	143,300
Prepaid expenses	36,201	(1,746)
Increase (decrease) in liabilities:		
Trade accounts payable	164,393	69,974
Accrued salaries, payroll taxes and withholdings	996	(68,721)
Refundable advances	(4,254)	(24,778)
	<u>319,824</u>	<u>234,086</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>319,824</b>	<b>234,086</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditures	<u>(249,325)</u>	<u>(107,591)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>70,499</b>	<b>126,495</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>620,443</u>	<u>493,948</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 690,942</u>	<u>\$ 620,443</u>

Please refer to accompanying notes.

**KNOX COUNTY HEAD START, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**July 31, 2021 and 2020**

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Knox County Head Start, Inc. (the Agency) was formed on April 22, 1965 as a private, non-profit corporation for the purpose of operating a Federal Head Start Program. This program provides comprehensive health, educational, nutritional, social and other services to economically disadvantaged young children and their families. Additionally, the Agency operates an Early Head Start Program and provides child care services. Federal grant revenue represents the Agency's most significant source of funding and accounted for 66% and 61% of total revenues during each of the years ended July 31, 2021 and 2020, respectively.

**Accounting Basis**

The Agency maintains its financial statements on the accrual basis of accounting, in accordance with generally accepted accounting principles.

**Financial Statement Presentation**

In accordance with accounting guidance for non-profit organizations, the accompanying financial statements for Knox County Head Start, Inc. have been prepared, in all material respects, in accordance with accounting principles generally accepted in the United States of America, as prescribed in FASB Accounting Standards Codification (ASC) 958, *Not For Profit Entities* and the provisions of Accounting Standards Update (ASU) 2016-14. Knox County Head Start, Inc. has adopted ASU 2016-14 in 2019. ASU 2016-14 requires the Agency to report information regarding its financial position and activities in two categories of net assets, as described below:

**Net Assets Without Donor Restrictions**

Net Assets Without Donor Restrictions are either not subject to donor-imposed stipulations or are subject to such restrictions but those restrictions have been met in the same fiscal period that the revenue is recorded.

**Net Assets With Donor Restrictions**

Net Assets With Donor Restrictions are subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time. Under ASU 2016-14, Net Assets With Donor Restrictions totaled \$65,400 as of July 31, 2021 and \$47,767 as of July 31, 2020.

**Recently Adopted Accounting Pronouncements**

In May, 2014, the Financial Accounting Standards Board ("FASB") issued ASU No. 2014-09, Topic 606 "Revenue from Contracts with Customers" and several clarifying updates were subsequently issued. Knox County Head Start has adopted ASC 606, effective for its fiscal year beginning July 1, 2020, using the full retrospective approach. Because Knox County Head Start recognizes Federal grant revenue as expenses are incurred, the adoption of this accounting standard did not materially impact the 2021 Statement of Financial Position or the 2021 Statement of Activities and no cumulative effect of a change in accounting principle has been recorded relating to this adoption.

**Property and Equipment**

Property and equipment is recorded at cost. Renewals and betterments over \$5,000 are capitalized. The costs of maintenance and repairs are charged to expense as incurred. Gains and losses on asset retirements or dispositions are reflected in the Statements of Activities. Depreciation is computed using the straight-line method over the following estimated useful lives:

**KNOX COUNTY HEAD START, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 July 31, 2021 and 2020**

**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

**Property and Equipment (Continued)**

Buildings and building improvements	7 – 30 years
Playgrounds and playground equipment	7 years
Vehicles	7 years
Other equipment	7 years

Property acquired with Federal grant funds is owned by the Agency while used in the program for which it was purchased or in other future authorized programs. The funding sources, however, have a reversionary interest in the property and equipment purchased with grant funds; therefore, their disposition, as well as the ownership of any sale proceeds there from, is subject to funding source regulations. In accordance with the provisions of ASU 2016-14, when grant funding for the purchase of property and equipment is received, it is reflected as an increase in Net Assets with Donor Restrictions. As the related property and equipment is placed in service, it is transferred from Net Assets With Donor Restrictions to Net Assets Without Donor Restrictions, and is reported in the Statements of Activities as “Net Assets Released from Donor Restrictions”. The net book value of property and equipment purchased with grant funds totaled \$643,195 as of July 31, 2021 and \$648,136 as of July 31, 2020.

**Unconditional Promises to Give**

Contributions are recognized when a donor makes a promise to give that is, in substance, unconditional. Contributions that are restricted by a donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in donor restricted net assets. When a restriction expires, donor restricted net assets are reclassified to net assets without donor restrictions.

The Agency uses the allowance method to determine uncollectible, unconditional promises receivable. The allowance is based on management’s analysis of specific promises to give. Management has determined that no allowance is necessary as of July 31, 2021 and 2020.

**Support and Revenue**

In accordance with Financial Accounting Standards Board (FASB) ASC 958-205, expended grant revenues recognized as exchange transactions are reflected as unrestricted support in the accompanying Statements of Activities.

**Grants and Reimbursement Contracts Receivable/Refundable Advances**

Grants and reimbursement contracts receivable represents expended grant award funds or contractual reimbursements not yet received. Such receivables are considered to be fully collectible; accordingly, no allowance for doubtful accounts is required. Refundable advances represent unexpended grant award funds received for grants classified as exchange transactions under ASC 958-205. All refundable advances have been approved for use in ongoing programs.

**Allocation of Joint Costs**

The Agency has adopted a comprehensive cost-allocation plan which is used to allocate joint costs benefiting more than one program. This plan allocates these costs based on the number of children served in each program and is weighted according to the days of services provided and/or the time expended in service to each program. Time expended in service to each program is documented by payroll allocation reports.

**KNOX COUNTY HEAD START, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**July 31, 2021 and 2020**

**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES – (Continued)**

**In-Kind Contributions**

The Organization recognizes in-kind contributions of space, supplies and services in accordance with the guidelines outlined in FASB ASC 958-605. These in-kind contributions are used by the Agency to satisfy the cost-sharing requirements of its Federal Head Start and Early Head Start Programs.

In accordance with FASB ASC 958-605, in-kind contributions of services are recognized as revenue in the financial statements if the services received (a) create or enhance non-financial assets (primarily property or other tangible or intangible assets) or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributed services that do not meet this criteria, and promises to give such services, are not recognized. In-kind contributions of services, which have not been recognized amounted to \$115,665 for the year ended July 31, 2021, and \$46,367 for the year ended July 31, 2020.

**Compensated Absences**

Employees of the Agency are entitled to paid vacation, sick and personal days off, depending on their job classifications. None of these benefits vest and vacation leave is expensed as incurred.

**Functional Allocation of Expenses**

The costs of operating a Head Start Program and other child care related activities have been summarized on a functional basis in the Statements of Functional Expenses. The Statements of Functional Expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated between program expenses and management and general expenses using various allocation methods which attempt to allocate the costs equitably in relation to the benefits provided.

**Disclosure of Subsequent Events**

The Agency is required to disclose the date through which subsequent events have been evaluated, in accordance with the requirements of FASB ASC Paragraph 855-10-50-1. The Agency has evaluated all events that occurred from August 1, 2020 through the date the accompanying financial statements for fiscal 2021 and 2020 were available to be issued (May 31, 2021) for proper accounting and disclosure in the accompanying financial statements.

**Income Taxes**

The Agency is a private non-profit corporation and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. None of the Agency's present or anticipated future activities are subject to taxation as unrelated business income. Therefore, no provision for income taxes has been made in the accompanying financial statements. The Agency has adopted the provisions of FASB ASC 740-10-25 which requires the disclosure of uncertain tax positions. There have been no interest or penalties recognized in the accompanying Statements of Financial Position or in the Statements of Activities relating to uncertain tax positions. Additionally, no tax positions exist for which it is reasonably possible that the total amount of unrecognized tax benefits will significantly increase or decrease during the next 12 months. The Agency evaluates uncertain tax positions, if any, on a continual basis. The Agency's Federal tax returns are generally subject to examination by the IRS for three years after they are filed.

**KNOX COUNTY HEAD START, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**July 31, 2021 and 2020**

**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

**Statements of Cash Flows**

The Agency considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents. There were no cash payments for interest or income taxes during the years ended July 31, 2021 and 2020. As of July 31, 2021, \$450,344 in cash equivalents was held in an Insured Cash Sweep Service Account (ICS) and this entire amount was covered by FDIC insurance, along with other cash deposits held in a checking account, totaling \$240,598.

**Use of Accounting Estimates**

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Actual results could vary from the estimates that were used.

**Impairment of Long-Lived Assets**

The Agency reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of each assets carrying value to its future undiscounted net cash flows. Impaired assets are recognized at the lower of fair value or the carrying amount. No impaired assets were identified during the years ended July 31, 2021 and 2020.

**Credit Risk**

Financial instruments, which could potentially subject Knox County Head Start, Inc. to concentration of credit risk include cash and cash equivalents and grant/reimbursement contracts and accounts receivables. These financial instruments are all carried at their approximate fair value. The Organization's policy is to limit credit exposure on financial instruments and place its cash and cash equivalents with financial institutions that are credit worthy. Concentration of credit risk with respect to receivables is limited because receivables are primarily due from the Federal Government.

**Reclassifications**

Certain balances in the July 31, 2020 financial statements have been reclassified to conform with the 2021 presentation.

**NOTE 2 – UNCONDITIONAL PROMISES TO GIVE**

Unconditional promises to give totaled \$65,400 as of July 31, 2021, and \$47,767 as of July 31, 2020. The balance as of July 31, 2021 consists of United Way funding pledged for the period from September 2021 through December, 2021. The balance as of July 31, 2020 consists of United Way funding pledged for the period from September 2020 through December, 2020.

**NOTE 3 – GRANTS AND REIMBURSEMENT CONTRACTS RECEIVABLE**

The grants and reimbursement contracts receivable balance consists of the following as of July 31, 2021 and 2020:

**KNOX COUNTY HEAD START, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**July 31, 2021 and 2020**

**NOTE 3 – GRANTS AND REIMBURSEMENT CONTRACTS RECEIVABLE (Continued)**

<u>Program</u>	<u>2021</u>	<u>2020</u>
Federal/Early Head Start Program	\$387,135	\$202,626
Child Care Program	46,975	16,022
Child and Adult Care Food Program	34,818	23,602
TAN-F/BHP Program	83	1,274
OCCRA Funds	-	31,876
Imagination Library	29,808	-
<i>Parent Support Initiative</i>	<u>6,680</u>	<u>-</u>
	<u>\$505,499</u>	<u>\$275,400</u>

**NOTE 4 – REFUNDABLE ADVANCES**

Refundable advances totaled \$49,470 and \$53,724 as of July 31, 2021 and 2020 and represents unspent private foundation grant funds received for the purpose of completing specific program objectives under an exchange type grant agreement.

**NOTE 5 – PAYCHECK PROTECTION PROGRAM LOAN**

In April, 2020, the Organization received \$175,000 in Paycheck Protection Program Loan funding under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). Under the terms of this agreement, the loan proceeds are forgiven if used for qualifying expenditures (including salaries, wages and benefits) with some limitations. On December 30, 2020, the Organization received notification from the Small Business Administration that the entire \$175,000 in funding received had been forgiven. Management believes all funding received under this program had been disbursed for qualifying expenditures as of July 31, 2020, and accordingly, the entire \$175,000 has been reflected as net assets released from restrictions during the fiscal year ending July 31, 2020.

No Paycheck Protection Program loans were received during the fiscal year ending July 31, 2021.

**NOTE 6 – LEASES**

The Agency leases certain equipment. All leases are properly accounted for as operating leases. Future minimum payments under noncancellable operating leases with an initial term of one year or more are as follows at July 31, 2021:

<u>Year Ended July 31,</u>	<u>Amount</u>
2021	\$23,160
2022	23,160
2023	23,160
2024	5,790
Thereafter	-

Rent expense for the years ended July 31, 2021 and 2020 totaled \$50,967 and \$44,119, respectively.

**KNOX COUNTY HEAD START, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**July 31, 2021 and 2020**

**NOTE 7 - IN-KIND MATCHING CONTRIBUTIONS**

The Federal Head Start Programs are funded by the Federal Department of Health and Human Services which requires non-federal funding as detailed in the related grant agreements. The non-federal share earned for both the Federal/Early Head Start Programs, and the Early Head Start Child Care Partnership Program was as follows:

	<u>Applicable Head Start Expenditures</u>	<u>Non-Federal Funds Required</u>	<u>Non-Federal Funds Received</u>
<b><u>Year Ended July 31, 2021</u></b>			
Federal Head Start/Early Head Start Programs	\$2,878,212	\$24,492	\$736,955
EHS Child Care Partnership Program	<u>302,015</u>	<u>8,626</u>	<u>22,499</u>
	<u>\$3,180,227</u>	<u>\$ 33,118</u>	<u>\$759,454</u>
	<u>Applicable Head Start Expenditures</u>	<u>Non-Federal Funds Required</u>	<u>Non-Federal Funds Received</u>
<b><u>Year Ended July 31, 2020</u></b>			
Federal Head Start/Early Head Start Programs	\$2,834,325	\$688,752	\$727,203
EHS Child Care Partnership Program	<u>265,525</u>	<u>23,707</u>	<u>24,352</u>
	<u>\$3,099,850</u>	<u>\$712,459</u>	<u>\$751,555</u>

Knox County Head Start, Inc. met the non-federal funding requirements for its Federal Head Start and Early Head Start Programs and for its Early Head Start Child Care Partnership Program for the fiscal years ended July 31, 2021 and 2020.

**NOTE 8 – DONOR RESTRICTED NET ASSETS**

Donor restricted net assets are available for the following periods:

<u>Description</u>	<u>2021</u>	<u>2020</u>
United Way Allocations:		
Year-ended December 31, 2021	\$65,400	\$ -
Year-ended December 31, 2020	-	47,767

**NOTE 9 – CONCENTRATIONS OF RISK**

Grants and reimbursement contracts receivable totaled \$505,499 and \$275,400 as of July 31, 2021 and 2020, respectively, and are due from governmental agencies.

The Agency's Federal grants accounted for approximately 66% and 61% of total revenues during each of the years-ended July 31, 2021 and 2020, respectively.

The Agency maintains its cash and cash equivalents in bank deposit accounts which, at times, may exceed federally insured limits. These deposits are held by reputable financial institutions and management believes the risk associated with uninsured deposits is low. As of July 31, 2021, all bank deposits were covered by FDIC insurance.

**KNOX COUNTY HEAD START, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**July 31, 2021 and 2020**

**NOTE 10 – RETIREMENT BENEFITS**

The Agency has a defined contribution retirement plan which qualifies under Section 401(k) of the Internal Revenue Code. Employees may make voluntary annual contributions to the Plan up to the maximum allowed by the Internal Revenue Code. The Agency matches each employee's contribution, up to a maximum of 3 percent of each employee's annual salary. Retirement Plan expense totaled \$29,300 and \$28,996 for the years ended July 31, 2021 and 2020, respectively.

**NOTE 11 – LIQUIDITY**

Knox County Head Start, Inc. is reimbursed for Federal Head Start expenditures several times each month and for Child and Adult Care Food Program expenditures on a monthly basis. Approximately 49% of this Agency expenditures are funded by these reimbursements. Knox County Head Start attempts to maintain sufficient financial assets, consisting of cash and cash equivalents in the bank, to cover at least 45 days of operating expenses and has a policy of structuring its financial assets to be available as general expenditures, liabilities and other obligations come due.

As of July 31, 2021, Knox County Head Start, Inc. had \$690,942 in unrestricted cash and cash equivalents available to meet obligations for general expenditures and \$505,4999 in grants, reimbursement contracts receivable.

In accordance with ASU 2016-14, assets included in the accompanying Statements of Financial Position have been sequenced according to the date of their anticipated conversion to cash and liabilities have been sequenced according to their estimated maturity dates.



**SUPPLEMENTARY INFORMATION**



*Specializing in Audits  
of Non-Profit Agencies*

**LAURA J. MACDONALD**  
**CPA, INC.**

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**INDEPENDENT AUDITOR'S REPORT  
ON SUPPLEMENTARY INFORMATION**

To The Board of Directors  
Knox County Head Start, Inc.  
Mount Vernon, Ohio  
Employer Identification No.: 31-0724689

I have audited the financial statements of Knox County Head Start, Inc. as of and for the years ended July 31, 2021 and 2020, and have issued my report thereon dated May 31, 2022. My audits were performed for the purpose of forming an opinion on the financial statements as a whole. The Combining Schedules of Activities by Program for the years ended July 31, 2021 and 2020, are presented for the 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 my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Medina, Ohio  
May 31, 2022

KNOX COUNTY HEAD START, INC.  
 COMBINING SCHEDULE OF ACTIVITIES  
 BY PROGRAM  
 Year Ended July 31, 2021

	FEDERAL HEAD START PROGRAMS	CHILD AND ADULT CARE FOOD PROGRAM	CHILD CARE PROGRAM	CORPORATE ACTIVITY	AGENCY TOTAL
<b>CHANGES IN UNRESTRICTED NET ASSETS</b>					
<b>UNRESTRICTED SUPPORT AND REVENUE</b>					
Child Care revenue	\$ -	\$ -	\$ 857,496	\$ 49,677	\$ 907,173
Other revenue	-	-	45,000	9,595	54,595
In-kind contributions	643,791	-	-	-	643,791
	<u>643,791</u>	<u>-</u>	<u>902,496</u>	<u>59,272</u>	<u>1,605,559</u>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>					
Satisfaction of program restrictions	3,367,789	161,372	-	-	3,529,161
Federal grant revenue	-	-	-	368,404	368,404
State and local grant revenue	-	-	-	113,167	113,167
United Way revenue	3,367,789	161,372	-	481,571	4,010,732
	<u>4,011,580</u>	<u>161,372</u>	<u>902,496</u>	<u>540,843</u>	<u>5,616,291</u>
<b>UNRESTRICTED EXPENSES</b>					
Salaries and wages	2,061,716	93,473	553,924	168,953	2,878,066
Fringe benefits	416,789	22,917	134,724	21,359	595,789
Supplies	246,678	15,680	49,271	30,790	342,419
Space	155,051	-	34,150	3,187	192,388
Contractual	209,902	945	18,776	67,712	297,335
Food	44,261	28,221	34,515	12,734	119,731
Equipment/renovations	5,762	-	1,359	295	7,416
Travel	10,420	-	759	7,291	18,470
Staff training	64,450	-	7,056	5,717	77,223
Bus operations	-	-	31	12,107	12,138
Depreciation	42,120	-	-	63,338	63,338
Other	643,791	87	10,150	34,130	86,487
In-kind expenses	-	-	-	-	643,791
	<u>3,900,940</u>	<u>161,323</u>	<u>844,715</u>	<u>427,613</u>	<u>5,334,591</u>
<b>INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS</b>	110,640	49	57,781	113,230	281,700
<b>CHANGES IN DONOR RESTRICTED NET ASSETS</b>					
Federal grant revenue	3,367,789	161,372	-	-	3,529,161
State and local grant revenue	-	-	-	368,404	368,404
United Way revenue	-	-	-	130,800	130,800
Payroll Protection Program Funds	-	-	-	-	-
Federal grant revenue released from restrictions	(3,367,789)	(161,372)	-	-	(3,529,161)
State and local grant revenue released from restrictions	-	-	-	(368,404)	(368,404)
United Way revenue released from restrictions	-	-	-	(113,167)	(113,167)
Payroll Protection Program Funds released from restrictions	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,633</u>	<u>17,633</u>
<b>INCREASE (DECREASE) IN DONOR RESTRICTED NET ASSETS</b>	-	-	-	17,633	17,633
<b>INCREASE (DECREASE) IN NET ASSETS</b>	\$ 110,640	\$ 49	\$ 57,781	\$ 130,863	\$ 299,333

Please refer to accompanying notes.

KNOX COUNTY HEAD START, INC.  
 COMBINING SCHEDULE OF ACTIVITIES  
 BY PROGRAM  
 Year Ended July 31, 2020

	FEDERAL HEAD START PROGRAMS	CHILD AND ADULT CARE FOOD PROGRAM	CHILD CARE PROGRAM	CORPORATE ACTIVITY	AGENCY TOTAL
<b>CHANGES IN UNRESTRICTED NET ASSETS UNRESTRICTED SUPPORT AND REVENUE</b>					
Child Care revenue	\$ -	\$ -	\$ 838,989	\$ -	\$ 838,989
Other revenue	-	-	94,549	19,755	114,304
In-kind contributions	705,188	-	-	-	705,188
	<u>705,188</u>	<u>-</u>	<u>933,538</u>	<u>19,755</u>	<u>1,658,481</u>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>					
Satisfaction of program restrictions	3,099,850	139,602	-	17,364	3,256,816
Federal grant revenue	-	-	-	336,354	336,354
State and local grant revenue	-	-	-	143,300	143,300
United Way revenue	-	-	-	175,000	175,000
Paycheck Protection Program Funds	3,099,850	139,602	-	672,018	3,911,470
	<u>3,805,038</u>	<u>139,602</u>	<u>933,538</u>	<u>691,773</u>	<u>5,569,951</u>
<b>UNRESTRICTED EXPENSES</b>					
Salaries and wages	1,877,296	83,893	505,634	305,976	2,772,799
Fringe benefits	444,858	20,056	130,429	71,807	667,150
Supplies	205,399	13,803	71,693	18,798	309,693
Space	143,257	-	20,725	5,637	169,619
Contractual	196,454	814	33,588	37,158	268,014
Food	59,311	21,036	24,350	12,317	117,014
Equipment/renovations	72,068	-	-	(72,068)	-
Travel	21,833	-	1,558	6,712	30,103
Staff training	33,767	-	5,663	43,003	82,433
Bus operations	-	-	805	9,254	10,059
Depreciation	-	-	-	34,326	34,326
Other	45,607	-	12,934	106,719	165,260
In-kind expenses	705,188	-	-	-	705,188
	<u>3,805,038</u>	<u>139,602</u>	<u>807,379</u>	<u>579,639</u>	<u>5,331,658</u>
<b>INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS</b>					
	-	-	126,159	112,134	238,293
<b>CHANGES IN DONOR RESTRICTED NET ASSETS</b>					
Federal grant revenue	3,099,850	139,602	-	17,364	3,256,816
Slate and local grant revenue	-	-	-	261,715	261,715
Payroll Protection Program Funds	-	-	-	175,000	175,000
Federal grant revenue released from restrictions	(3,099,850)	(139,602)	-	(17,364)	(3,256,816)
State and local grant revenue released from restrictions	-	-	-	(336,354)	(336,354)
United Way revenue released from restrictions	-	-	-	(143,300)	(143,300)
Payroll Protection Program Funds released from restrictions	-	-	-	(175,000)	(175,000)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(217,939)</u>	<u>(217,939)</u>
<b>INCREASE (DECREASE) IN DONOR RESTRICTED NET ASSETS</b>					
	-	-	-	(217,939)	(217,939)
<b>INCREASE (DECREASE) IN NET ASSETS</b>					
	\$ -	\$ -	\$ 126,159	\$ (105,805)	\$ 20,354

Please refer to accompanying notes.

KNOX COUNTY HEAD START, INC.  
 SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
 Year Ended July 31, 2021

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT NUMBER	FEDERAL EXPENDITURES	IN-KIND EXPENDITURES
U.S. Department of Health and Human Services:				
Direct Awards:				
Head Start	93.600	#05CH011198-02	\$ 2,878,212	\$ 750,494
Early Head Start-Child Care Partnership	93.600	#05HP000286-02	302,015	8,960
Early Head Start Child Care Partnership Carryover	93.600	#05HP00028602C3	11,496	-
Head Start Cares Act Carryover	93.600	#05CH0119802C3	97,967	-
American Rescue Plan	93.600	#05HE00111201C6	2,417	-
CRRSA	93.600	#05HE00111201C5	75,596	-
		<b>SUBTOTAL, CFDA #93.600</b>	3,367,702 *	759,454
Pass- through from Ohio Department of Job and Family Services, through Knox County Department of Job and Family Services Temporary Assistance for Needy Families	93.558	N/A	87	
		<b>TOTAL, U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>	3,367,789	
U.S. Department of Agriculture:				
Pass-through from Ohio Department of Education, Division of School Food Service:				
Child and Adult Care Food Program	10.558	N/A	161,372	
		<b>TOTAL FEDERAL EXPENDITURES</b>	<b>\$ 3,529,161</b>	

**BASIS OF PRESENTATION**

The accompanying Schedule of Federal Awards Expenditures includes the Federal grant activity of Knox County Head Start, Inc. and is presented on the accrual basis of accounting. 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). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

\* Denotes a major program

\*\*Knox County Head Start, Inc. has elected not to use the 10% de minimis cost rate as allowed under the Uniform Guidance.

\*\*\* Knox County Head Start, Inc. has no subrecipients.

Please refer to accompanying notes.



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**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***

To the Board of Directors  
Knox County Head Start, Inc.  
Mount Vernon, Ohio  
Employer Identification No.: 31-0724689

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Knox County Head Start, Inc. (a non-profit organization) which comprise the Statement of Financial Position as of July 31, 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 I have issued my report thereon dated May 31, 2022.

***Internal Control Over Financial Reportin***

In planning and performing my audit of the financial statements, I considered Knox County Head Start, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Knox County Head Start, Inc.'s internal control. Accordingly, I do not express an opinion on the effectiveness of Knox County Head 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.

My 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 my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The Board of Directors  
Knox County Head Start, Inc.  
Mount Vernon, Ohio

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether Knox County Head Start, Inc.'s financial statements are free from material misstatement, I 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my 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 my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Knox County Head 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 the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Medina, Ohio  
May 31, 2022



Specializing in Audits  
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**INDEPENDENT AUDITOR'S REPORT  
ON COMPLIANCE FOR EACH MAJOR PROGRAM AND  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors  
Knox County Head Start, Inc.  
Mount Vernon, Ohio  
Employer Identification No.: 31-0724689

**Report on Compliance for Each Major Program**

I have audited Knox County Head Start, Inc.'s compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on Knox County Head Start, Inc.'s major Federal program for the year ended July 31, 2021. Knox County Head Start, Inc.'s major Federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings.

***Management's Responsibility***

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***

My responsibility is to express an opinion on compliance of Knox County Head Start, Inc.'s major Federal program based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that I 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 Knox County Head Start, Inc.'s compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for this Organization's major Federal program. However, my audit does not provide a legal determination of Knox County Head Start, Inc.'s compliance.

***Opinion on Each Major Federal Program***

In my opinion, Knox County Head 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 July 31, 2021.



The Board of Directors  
Knox County Head Start, Inc.  
Mount Vernon, Ohio

### **Report on Internal Control Over Compliance**

The management of Knox County Head 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 my audit of compliance, I considered Knox County Head Start, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on its major Federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal program, and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of Knox County Head 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 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.

My 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. I did not identify any deficiencies in internal control over compliance that I 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 my 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.

Medina, Ohio  
May 31, 2022

**KNOX COUNTY HEAD START, INC.**  
**SCHEDULE OF FINDINGS**  
**Year Ended July 31, 2021**

**I. SUMMARY OF AUDITOR'S RESULTS**

Type of Financial Statement Opinion	Unmodified
Were there any significant deficiencies in internal control reported at the financial statement level (Generally Accepted Government Auditing Standards)?	No
Were there any material weakness conditions reported at the financial statement level (Generally Accepted Government Auditing Standards)?	No
Was there any material reported noncompliance at the financial statement level (Government Auditing Standards)?	No
Were there any significant deficiencies in internal control reported for major federal programs?	No
Were there any material weakness conditions reported for major federal programs?	No
Type of Major Programs' Compliance Opinion	Unmodified
Are there any findings relating to major programs under Section 510 (a) of OMB Circular A-133?	No
Major Programs:	Federal Head Start Program - Head Start Cluster CFDA No.: 93.600
Dollar Threshold: Type A\B Programs	Type A: > \$750,000 Type B: All others
Low Risk Auditee?	Yes

**II. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS**

NONE

**III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

NONE