

# Step Forward

Cleveland, Ohio

Financial Statements and  
Supplementary Information

Year Ended January 31, 2021



# Step Forward

Financial Statements and Supplementary Information  
Year Ended January 31, 2021

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## **Independent Auditor's Report**

Board of Directors  
Step Forward  
Cleveland, Ohio

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Step Forward (a nonprofit organization), which comprise the statement of financial position as of January 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.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Step Forward as of January 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States.

## Other Matters

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and list of programs as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the schedule of program activity 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. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2021, on our consideration of Step Forward'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 Step Forward'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 Step Forward's internal control over financial reporting and compliance.

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

Wipfli LLP

September 25, 2021  
Madison, Wisconsin

# Step Forward

## Statement of Financial Position

January 31, 2021

<i>Assets</i>	
Current assets:	
Cash	\$ 3,560,050
Grants receivable	5,550,348
Accounts receivable	58,268
Prepaid expenses	226,471
<b>Total current assets</b>	<b>9,395,137</b>
Property and equipment, net	3,791,667
<b>TOTAL ASSETS</b>	<b>\$ 13,186,804</b>
<i>Liabilities and Net Assets</i>	
Current liabilities:	
Accounts payable	\$ 2,029,565
Accrued payroll and related expenses	822,686
Accrued vacation	782,038
Amortized rent obligation, current portion	136,033
Contract liability	83,333
Refundable advance liability	3,671,981
<b>Total current liabilities</b>	<b>7,525,636</b>
Long-term liabilities:	
Amortized rent obligation	136,032
<b>Total long-term liabilities</b>	<b>136,032</b>
<b>Total liabilities</b>	<b>7,661,668</b>
Net assets:	
Without donor restrictions	1,505,246
Without donor restrictions - Grant-funded property and equipment	3,727,125
<b>Total net assets without donor restrictions</b>	<b>5,232,371</b>
With donor restrictions	292,765
<b>Total net assets without donor restrictions</b>	<b>5,525,136</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 13,186,804</b>

See accompanying notes to financial statements.

# Step Forward

## Statement of Activities

Year Ended January 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue:			
Grant revenue	\$ 40,981,149	\$ 292,765	\$ 41,273,914
Donations	3,648	0	3,648
Contract revenue	466,848	0	466,848
Other income	620,383	0	620,383
Amortized rent	136,033	0	136,033
In-kind contributions	6,950,998	0	6,950,998
<b>Total revenue</b>	<b>49,159,059</b>	<b>292,765</b>	<b>49,451,824</b>
Expenses:			
Program expenses			
Child education	30,588,387	0	30,588,387
Community service programs	10,650,298	0	10,650,298
Energy assistance	2,644,407	0	2,644,407
Food programs	234,027	0	234,027
Other	31,583	0	31,583
<b>Total program expenses</b>	<b>44,148,702</b>	<b>0</b>	<b>44,148,702</b>
Supporting expenses			
Management and general	4,284,340	0	4,284,340
Fund-raising	33,264	0	33,264
<b>Total supporting expenses</b>	<b>4,317,604</b>	<b>0</b>	<b>4,317,604</b>
<b>Total expenses</b>	<b>48,466,306</b>	<b>0</b>	<b>48,466,306</b>
Change in net assets	692,753	292,765	985,518
Net assets - Beginning of the year	4,539,618	0	4,539,618
<b>Net assets - End of the year</b>	<b>\$ 5,232,371</b>	<b>\$ 292,765</b>	<b>\$ 5,525,136</b>

See accompanying notes to financial statements.

# Step Forward

## Statement of Functional Expenses Year Ended January 31, 2021

	<b>Program Activities</b>	<b>Management &amp; General</b>	<b>Fund-raising</b>	<b>Total</b>
Expenses:				
Salaries/wages	\$ 15,630,402	\$ 1,984,582	\$ 20,463	\$ 17,635,447
Fringe benefits	5,868,871	672,846	7,345	6,549,062
Contractual	3,826,441	737,798	301	4,564,540
Travel	69,130	8,783	0	77,913
Space costs	1,819,959	535,270	4,820	2,360,049
Supplies/food	1,477,593	71,231	43	1,548,867
Energy and other assistance payments	6,525,840	0	0	6,525,840
Other	1,455,095	273,830	292	1,729,217
Depreciation expense	524,373	0	0	524,373
In-kind expenses	6,950,998	0	0	6,950,998
<b>Total expenses</b>	<b>\$ 44,148,702</b>	<b>\$ 4,284,340</b>	<b>\$ 33,264</b>	<b>\$ 48,466,306</b>

# Step Forward

## Statement of Cash Flows

Year Ended January 31, 2021

Increase (decrease) in cash:

Cash flows from operating activities:

Change in net assets \$ 985,518

Adjustments to reconcile change in net assets  
to net cash provided by operating activities:

Depreciation 524,373

Amortized rent obligation ( 136,033)

Changes in operating assets and liabilities:

Grants receivable ( 1,904,976)

Accounts receivable 123,595

Prepaid expenses ( 632)

Accounts payable 559,596

Accrued payroll and related expenses 24,648

Accrued vacation 196,856

Contract liability 83,333

Refundable advance liability 2,394,664

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Net cash provided by operating activities 2,850,942

Cash flows from investing activities:

Purchase of property and equipment ( 28,345)

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Net cash used in investing activities ( 28,345)

Change in cash 2,822,597

Cash - Beginning of the year 737,453

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Cash - End of the year \$ 3,560,050

**Supplemental schedule of noncash investing activities:**

Accounts payable used to purchase property and equipment \$ 184,371

# Step Forward

## Notes to Financial Statements

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### Note 1: Summary of Significant Accounting Policies

#### Nature of Operations

Step Forward was organized as a nonprofit corporation in 1964. Step Forward was formerly the Council for Economic Opportunities in Greater Cleveland. Step Forward was formed to develop and provide resources for the purpose of assisting low-income individuals through a variety of programs. Step Forward is primarily supported through federal and state government grants, with approximately 65% of the Step Forward's grant revenue being earned from the Department of Health and Human Services' Head Start program.

#### Basis of Presentation

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

#### Use of Estimates

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

#### Accounts Receivable

Accounts receivable consist primarily of rebates and amounts billed to Cuyahoga County under contracts for childcare services. Amounts are reviewed for collectability by management and an allowance for doubtful accounts is recorded as needed based on collection history and customer attributes. Step Forward considers these receivables to be collectible and, therefore, no allowance for doubtful accounts has been recorded.

#### Property and Equipment

Property and equipment are capitalized at cost. Depreciation is provided using the straight-line method over the estimated useful life of the asset. Step Forward capitalizes items with a useful life of more than one year and costs that meet the following thresholds:

Corporate funded/grant funded, other than State of Ohio awards	\$	5,000
State of Ohio grant-funded programs		1,000

Property and equipment purchased with grant funds are owned by Step Forward 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 property and equipment purchased with grant funds are normally earmarked for use in specific programs operated by Step Forward.

#### Classification of Net Assets

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

# Step Forward

## Notes to Financial Statements

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### Note 1: Summary of Significant Accounting Policies (Continued)

#### Classification of Net Assets (Continued)

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. These assets also include property and equipment acquired with grant funds that remain in the Step Forward’s possession.

Net Assets With Donor Restrictions - Net assets subject to donor or certain grantor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other explicit donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor imposed restrictions are released when a restriction expires, that is when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

#### Revenue Recognition

##### Contributions

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 received are recognized as a refundable advance liability until the barrier(s) to entitlement are overcome, at which point they are recognized as revenue. Unconditional contributions are recognized as revenue when received.

Contributions are considered available for use without donor restrictions unless specifically restricted by the donor. Contributions are recorded as support with or without donor restrictions, depending on the existence and nature of any donor restrictions. Unconditional promised to give cash or other assets are reported at fair value at the date the 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 statement 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.

# Step Forward

## Notes to Financial Statements

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### **Note 1: Summary of Significant Accounting Policies (Continued)**

#### **Revenue Recognition (Continued)**

##### Grants and Contracts

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

- Grant awards that are contributions – Unconditional grants are reported as fair value at the date the grant is received. Conditional grants are recognized only when the conditions on which they depend are substantially met and the grant becomes unconditional. Grants that qualify as conditional contributions are recorded as invoiced to the funding sources. Revenue is recognized in the accounting period when the related allowable expenses are incurred. Amounts received in excess of expenses are included in refundable advances in the accompanying statement of financial position.
- Grant awards that are exchanges – Exchange transactions are reimbursed based on a predetermined rate for services performed in accordance with the terms of the award and ASC Topic 958-606. Revenue is recognized when control of the promised goods or services are 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.

##### Revenue from Contracts with Customers

Step Forward recognized revenue from exchange transactions from contracts with customers for contract services. Step Forward recognizes revenue in accordance with Financial Accounting Standard Board (FASB) Accounting Standards Update (ASU 2014-09), *Revenue from Contracts with Customers*, as amended. ASU 2014-09 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition.

Contract revenue – Step Forward Child provides extended day care services to Head Start children and receives fees from Cuyahoga County. The funds are used to supplement the Head Start program, as the beneficiaries of the funds are eligible for Head Start services. In addition, Step Forward has contracts to provide education to utility customer on the benefits of selecting a competitive retail electric service provider. The contracts contain only one performance obligation which is to provide childcare or education services during the agreed upon contract period. Revenue is recognized over time as the customers are simultaneously receiving and consuming the benefits of the service. The Organization feels the output method is the most faithful depiction of the transfer of goods or service, using time elapsed. The total amount recorded for contract revenue was \$466,848 during the year ended January 31, 2021.

The receivables at the beginning of the year from contracts with customers totaled \$12,377. The receivables at the end of the year from contracts with customers, totaled \$0. A contact liability in the amount of \$83,333 has been recorded on the statement of financial position for monies received but services have yet to be provided.

# Step Forward

## Notes to Financial Statements

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### **Note 1: Summary of Significant Accounting Policies (Continued)**

#### **In-Kind Contributions**

Step Forward records in-kind contributions for space, donated materials, and professional services if they create or enhance a nonfinancial asset or require specialized skill by the individual possessing those skills and would typically be purchased if not provided by donation. The in-kind reported is primarily for donated use of facilities. The valuation is based on certified appraisals of the space. In addition, Step Forward received contributions of nonprofessional volunteers during the year with a value of \$44,007 for its Head Start program which are not reported.

#### **Indirect Cost Rate**

Joint costs are allocated to benefiting programs using an indirect cost rate. Joint costs are those costs incurred for the common benefit of all Step Forward's programs that cannot be readily identified with a final cost objective. A provisional indirect cost rate has been approved by the U.S. Department of Health and Human Services (DHHS). Step Forward's provisional indirect cost rate is based upon the previous year actual rate. Step Forward adjusts the provisional rate based upon actual experience. This adjusted rate is subject to approval by DHHS at which time the indirect cost rate becomes final.

#### **Income Taxes**

Step Forward is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. It is also exempt from Ohio franchise or income tax.

Step Forward 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. Step Forward has determined there are no amounts to record as assets or liabilities related to uncertain tax positions.

#### **Functional Allocation of Costs**

The costs of providing the various programs and other 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. Space and related costs are allocated based on square footage.

#### **Accounting Pronouncements Adopted**

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This ASU, as amended, provides comprehensive guidance on the recognition of revenue from customers arising from the transfer of goods and services, guidance on accounting for certain contract costs, and new disclosures. The new standard supersedes current revenue recognition requirements in FASB Accounting Standards Codification (ASC) Topic 605, *Revenue Recognition*, and most industry-specific guidance. The adoption was applied on a modified retrospective basis as of February 1, 2020. There were no changes to revenue as a result of implementation nor were any beginning balances restated.

# Step Forward

## Notes to Financial Statements

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### Note 1: Summary of Significant Accounting Policies (Continued)

#### Upcoming Accounting Pronouncement

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, the objective of which is to assist organizations in recognizing the right to use of an asset and its related liability or obligation when there is a contract in place that includes the right to control or direct the use of an identifiable asset. This ASU also includes provisions where the majority of leases that have lease terms greater than one year are to be reported as capital leases on the statement of financial position, whereas, in the past, these leases may have been recorded as either capital leases or operating leases. This ASU is effective for Step Forward's year ended January 31, 2022. Step Forward is currently evaluating the impact of the provisions of ASU Topic 842.

#### Subsequent Events

In preparing these financial statements, Step Forward has evaluated events and transactions for potential recognition or disclosure through September 25, 2021, the date the financial statements were available to be issued.

### Note 2: Concentration of Credit Risk

Step Forward maintains cash balances at one financial institution. Accounts at this institution are insured by the Federal Deposit Insurance Corporation (FDIC) for up to \$250,000. Management believes this financial institution has a strong credit rating and credit risk related to their deposits is minimal.

### Note 3: Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions or designations limiting their use, within twelve months of the statement of financial position date, are comprised of the following as of January 31, 2021:

Cash	\$ 3,560,050
<u>Accounts and grants receivable, to be collected in less than one year</u>	<u>5,608,616</u>
Subtotal financial assets	9,168,666
Less: Accounts payable	( 2,029,565)
Less: Accrued payroll and related expenses	( 822,686)
Less: Accrued vacation	( 782,038)
Less: Refundable advance liability	( 3,671,981)
<u>Less: Net assets with donor restriction included in cash</u>	<u>( 292,765)</u>
<u>Total financial assets available</u>	<u>\$ 1,569,631</u>

Step Forward does not have a formal liquidity policy but generally maintains financial assets in liquid form such as cash for approximately 1 month of operating expenses. Step Forward can rely on a lower cash balance as it is primarily funded with cost reimbursement grants. Under cost reimbursement grants, once expenses are incurred, an organization can request reimbursement from the funding source (see Note 11).

# Step Forward

## Notes to Financial Statements

### Note 4: Grants Receivable

Grants receivable of \$5,550,348 at January 31, 2021, consisted of \$5,065,713 from federal programs, \$59,238 from state programs and \$425,397 from local programs.

### Note 5: Property and Equipment

A summary of property and equipment as of January 31, 2021, is as follows:

	Grant Funded	Corporate	Totals
Buildings	\$ 9,406,916	\$ 60,942	\$ 9,467,858
Buildings renovations	1,806,000	0	1,806,000
<u>Vehicles/equipment</u>	<u>2,243,566</u>	<u>131,509</u>	<u>2,375,075</u>
Total cost	13,456,482	192,451	13,648,933
Accumulated depreciation	( 9,729,357)	( 127,909)	( 9,857,266)
<u>Property and equipment, net</u>	<u>\$ 3,727,125</u>	<u>\$ 64,542</u>	<u>\$ 3,791,667</u>

A Notice of Federal Interest has been filed for several of the buildings owned by Step Forward as the funding source has a reversionary interest in those buildings.

### Note 6: Refundable Advance Liability

Amounts received on cost reimbursement contracts in excess of expenses are reflected as refundable advance liability. Grants funds received in advance at January 31, 2021, consisted of the following:

Program Title	Funding Source/ Pass-Through Entity	Program Period	Program Amount
Ohio Head Start Program IRN-77909-03/04	Ohio Dept. of Education	Ended in a prior period	\$ 144,270
COVID19 Coronavirus Relief Fund – Emergency Service Fund (CRF-ESP) #CRF-ESP 2020-16	Ohio Development Services Agency	04/01/20-12/30/20 Extended after 1/31	1,289,916
HEAP Energy Assistance Program 21-HA-115	Ohio Development Services Agency	09/01/20-08/31/21	443,872
HEAP Energy Assistance Program 21-HE-215	Ohio Development Services Agency	11/01/20-03/31/21	499,953
HEAP Energy Assistance Program 21-PA-115	Ohio Development Services Agency	01/01/21-12/31/21	29,383
CSBG Program PY 2020-2021 2021-16	Ohio Development Services Agency	01/01/20-12/31/21	142,665
COVID-19 CSBG CARES Program CSBG-CARES 2020-16	Ohio Development Services Agency	03/27/20-09/30/22	1,071,578
Step Up to Quality IX	Ohio Child Care Resource & Referral	Ended in a prior period	38,000

# Step Forward

## Notes to Financial Statements

### Note 6: Refundable Advance Liability (Continued)

<u>Program Title</u>	<u>Funding Source/ Pass-Through Entity</u>	<u>Program Period</u>	<u>Program Amount</u>
COVID-19 Pandemic Support Payment	Ohio Child Care Resource & Referral	06/01/20-10/31/20	9,636
COVID-19 Pandemic Support Payment 2X	Ohio Child Care Resource & Referral	10/01/20-10/31/20	2,708
<u>Total</u>			<u>\$ 3,671,981</u>

### Note 7: Line of Credit

Step Forward has \$2,000,000 line of credit with KeyBank with an interest rate equal to the Prime Rate and secured with a general business security agreement. As of January 31, 2021, Step Forward has not drawn on the line of credit. As of January 31, 2021, the Prime Rate was 3.25%.

### Note 8: Net Assets with Donor Restrictions

Net assets with donor restrictions represent balances that are available for use in the following activities:

Energy assistance	\$ 110,065
Foundation programs	12,679
Gardening program	1,200
Kindergarten readiness	144,974
Rapid relief	23,096
Other	751
<u>Total</u>	<u>\$ 292,765</u>

Net assets released from purpose restrictions were \$0 for the year ended January 31, 2021.

### Note 9: Retirement Plan

Step Forward has a defined contribution retirement plan authorized under Section 403(b) of the Internal Revenue Code. The plan is open to all employees who are employed by Step Forward. Step Forward's contributions vest 100% after two years of service. Step Forward's contributions for the year ended January 31, 2021, were \$1,155,746.

### Note 10: Grant Awards

At January 31, 2021, Step Forward had commitments under various grant awards of approximately \$29,900,000. The revenue relating to these grants is not recognized in the accompanying financial statements as the revenue recognition is conditional on the incurrence of expenditures or the performance of services in the next fiscal year.

# Step Forward

## Notes to Financial Statements

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### Note 11: Operating Lease Agreements

Step Forward leases various facilities and equipment for the operation of its programs. Lease expense for the year ended January 31, 2021, was \$1,744,512. Step Forward has one lease with a renewal option for up to an additional 20 years (four 5-year renewal terms). The future minimum lease obligations under these leases are as follows:

2022	\$ 1,854,167
2023	1,760,288
2024	349,851
2025	284,001
2026	284,001
Thereafter	961,800
<hr/>	
Total	\$ 5,494,108

Step Forward records lease expense on a straight line basis over the term of the lease. In conjunction with one facility lease that has a term of 5 years and started in the fiscal year ended January 31, 2020, there were several months with no lease payments due. As a result of not paying rent but recording an expense, Step Forward has recorded a liability, amortized rent obligation, in the amount of \$272,065 (\$136,033 current and \$136,032 as long-term).

### Note 12: Business Conditions

In March 2020, the World Health Organization declared the outbreak of the novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout the United States. Future potential impacts to Step Forward may include disruptions in operations. While the business disruptions are expected to be temporary, management cannot reasonably estimate the length or severity of this pandemic, including any direct and indirect negative impact to the Step Forward's financial position, results of operations and cash flow.

# **Supplementary Information**

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# Step Forward

## Schedule A-1

### Schedule of Program Activity

Year Ended January 31, 2021

	FEDERAL PROGRAMS								
	Department of Agriculture			Dept. of Treasury	Department of Health and Human Services				
	10.558			21.019	93.568				
	Total	Child Care Food Program 2019/2020 (1)	Child Care Food Program 2020/2021 (2)	10.558 Subtotal	Coronavirus Relief Fund - Emerg. Services Fund (CRF-ESP) #CRF-ESP 2020-16 (3)	HEAP Summer Crisis Program 19-HC-215 (4)	HEAP Summer Crisis Program 20-HC-215 (5)	HEAP Admin. Program 20-HA-115 (6)	HEAP Admin. Program 21-HA-115 (7)
<b>REVENUE</b>									
<b>Grant and Contract Revenue</b>									
Prior year's refundable advance liability	\$ 1,277,317	\$ 0	\$ 0	\$ 0	\$ 0	\$ 42,305	\$ 0	\$ 259,578	\$ 0
Current year awards	43,739,917	90,436	169,142	259,578	6,899,663	0	424,021	861,088	1,244,771
Funds reprogrammed	0	0	0	0	0	0	0	0	0
Funds repaid/deobligated	(71,339)	0	0	0	0	(41,319)	0	0	0
Refundable advance liability	(3,671,981)	0	0	0	(1,289,916)	0	0	0	(443,872)
<b>Total grant revenue</b>	<b>41,273,914</b>	<b>90,436</b>	<b>169,142</b>	<b>259,578</b>	<b>5,609,747</b>	<b>986</b>	<b>424,021</b>	<b>1,120,666</b>	<b>800,899</b>
Transfers	0	0	0	0	0	0	0	0	0
Donations	3,648	0	0	0	0	0	0	0	0
Contract revenue	466,848	0	0	0	0	0	0	0	0
Other income	620,383	0	0	0	0	0	0	0	0
Amortized rent	136,033	0	0	0	0	0	0	0	0
In-kind contributions	6,950,998	0	0	0	0	0	0	0	0
<b>Total Revenue</b>	<b>49,451,824</b>	<b>90,436</b>	<b>169,142</b>	<b>259,578</b>	<b>5,609,747</b>	<b>986</b>	<b>424,021</b>	<b>1,120,666</b>	<b>800,899</b>
<b>EXPENSES</b>									
Salaries/wages	17,635,449	41,655	48,267	89,922	346,286	0	0	526,821	471,548
Fringe benefits	6,549,061	14,110	15,750	29,860	107,167	0	0	204,540	86,520
Contractual	4,564,540	0	0	0	9,544	0	0	36,177	6,594
Travel	77,913	0	0	0	0	0	0	2,133	952
Space costs	2,360,049	0	0	0	0	0	0	115,426	47,460
Supplies/food	1,548,865	22,779	91,915	114,694	0	0	0	4,306	1,302
Energy and other assistance payments	6,525,840	0	0	0	5,054,926	986	424,021	0	0
Indirect costs	0	11,293	12,963	24,256	91,824	0	0	148,101	113,009
Other	1,729,218	599	247	846	0	0	0	83,162	73,514
Depreciation expense	524,373	0	0	0	0	0	0	0	0
In-kind expenses	6,950,998	0	0	0	0	0	0	0	0
<b>Total Expenses</b>	<b>48,466,306</b>	<b>90,436</b>	<b>169,142</b>	<b>259,578</b>	<b>5,609,747</b>	<b>986</b>	<b>424,021</b>	<b>1,120,666</b>	<b>800,899</b>
<b>Change in Net Assets</b>	<b>985,518</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Net assets - Beginning of the Year	4,539,618	0	0	0	0	0	0	0	0
<b>NET ASSETS - End of the Year</b>	<b>\$ 5,525,136</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>

# Step Forward

## Schedule A-2

### Schedule of Program Activity

Year Ended January 31, 2021

FEDERAL PROGRAMS									
Department of Health and Human Services									
93.568						93.569			
HEAP Admin. Program 20-HE-215 (8)	HEAP Admin. Program 21-HE-215 (9)	Percentage of Income Payment Plan 19-PA-115 (10)	Percentage of Income Payment Plan 20-PA-115 (11)	Percentage of Income Payment Plan 21-PA-115 (12)	93.568 Subtotal	Community Services Block Grant 18-1916 (13)	Community Services Block Grant (CSBG) PY 2020-2021 #2021-16 (14)	COVID-19 Community Services Block Grant - #CSBG CARES 2020-16 (15)	
<b>REVENUE</b>									
<b>Grant and Contract Revenue</b>									
Prior year's refundable advance liability	\$ 168,473	\$ 0	\$ 30,020	\$ 0	\$ 0	\$ 500,376	\$ 30,918	\$ 0	\$ 0
Current year awards	128,930	680,000	0	130,550	40,729	3,510,089	0	3,540,874	1,491,283
Funds reprogrammed	0	0	0	0	0	0	(30,918)	30,918	0
Funds repaid/deobligated	0	0	(30,020)	0	0	(71,339)	0	0	0
Refundable advance liability	0	(499,953)	0	0	(29,383)	(973,208)	0	(142,665)	(1,071,578)
Total grant revenue	297,403	180,047	0	130,550	11,346	2,965,918	0	3,429,127	419,705
Transfers	0	0	0	0	0	0	0	0	0
Donations	0	0	0	0	0	0	0	0	0
Contract revenue	0	0	0	0	0	0	0	11,921	0
Other income	0	0	0	0	0	0	0	0	0
Amortized rent	0	0	0	0	0	0	0	0	0
In-kind contributions	0	0	0	0	0	0	0	0	0
<b>Total Revenue</b>	<b>297,403</b>	<b>180,047</b>	<b>0</b>	<b>130,550</b>	<b>11,346</b>	<b>2,965,918</b>	<b>0</b>	<b>3,441,048</b>	<b>419,705</b>
<b>EXPENSES</b>									
Salaries/wages	0	0	0	78,232	7,079	1,083,680	0	1,205,820	98,711
Fringe benefits	0	0	0	24,668	1,555	317,283	0	446,212	31,588
Contractual	0	0	0	3,513	596	46,880	0	118,207	167,429
Travel	0	0	0	0	0	3,085	0	15,882	0
Space costs	0	0	0	3,300	300	166,486	0	508,075	720
Supplies/food	0	0	0	0	68	5,676	0	38,706	3,113
Energy and other assistance payments	297,403	180,047	0	0	0	902,457	0	472,951	89,931
Indirect costs	0	0	0	20,837	1,748	283,695	0	334,536	26,385
Other	0	0	0	0	0	156,676	0	300,659	1,828
Depreciation expense	0	0	0	0	0	0	0	0	0
In-kind expenses	0	0	0	0	0	0	0	0	0
<b>Total Expenses</b>	<b>297,403</b>	<b>180,047</b>	<b>0</b>	<b>130,550</b>	<b>11,346</b>	<b>2,965,918</b>	<b>0</b>	<b>3,441,048</b>	<b>419,705</b>
<b>Change in Net Assets</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Net assets - Beginning of the Year	0	0	0	0	0	0	0	0	0
<b>NET ASSETS - End of the Year</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>

# Step Forward

## Schedule A-3

### Schedule of Program Activity

Year Ended January 31, 2021

<b>FEDERAL PROGRAMS</b>									
<b>Department of Health and Human Services (DHHS)</b>									
	<b>93.569</b>	<b>93.575</b>				<b>93.600</b>			
	<b>93.569</b>	<b>Step Up to</b>	<b>COVID-19</b>	<b>COVID-19</b>	<b>93.575</b>	<b>Head Start</b>	<b>COVID-19</b>	<b>93.600</b>	<b>TOTAL</b>
	<b>Subtotal</b>	<b>Quality IX</b>	<b>Pandemic Support</b>	<b>Pandemic Support</b>	<b>Subtotal</b>	<b>05CH010828-02</b>	<b>Head Start</b>	<b>Subtotal</b>	<b>FEDERAL</b>
		<b>(16)</b>	<b>Payment</b>	<b>Payment 2</b>		<b>(19)</b>	<b>05CH010828-02-C3</b>		<b>PROGRAMS</b>
			<b>(17)</b>	<b>(18)</b>			<b>(20)</b>		
<b>REVENUE</b>									
<b>Grant and Contract Revenue</b>									
Prior year's refundable advance liability	\$ 30,918	\$ 38,000	\$ 0	\$ 0	\$ 38,000	\$ 0	\$ 0	\$ 0	\$ 569,294
Current year awards	5,032,157	0	190,338	50,346	240,684	25,292,501	1,355,230	26,647,731	42,589,902
Funds reprogrammed	0	0	0	0	0	0	0	0	0
Funds repaid/deobligated	0	0	0	0	0	0	0	0	(71,339)
Refundable advance liability	(1,214,243)	(38,000)	(9,636)	(2,708)	(50,344)	0	0	0	(3,527,711)
<b>Total grant revenue</b>	<b>3,848,832</b>	<b>0</b>	<b>180,702</b>	<b>47,638</b>	<b>228,340</b>	<b>25,292,501</b>	<b>1,355,230</b>	<b>26,647,731</b>	<b>39,560,146</b>
Transfers	0	0	0	0	0	0	0	0	0
Donations	0	0	0	0	0	0	0	0	0
Contract revenue	11,921	0	0	0	0	36,891	0	36,891	48,812
Other income	0	0	0	0	0	0	0	0	0
Amortized rent	0	0	0	0	0	0	0	0	0
In-kind contributions	0	0	0	0	0	6,995,005	0	6,995,005	6,995,005
<b>Total Revenue</b>	<b>3,860,753</b>	<b>0</b>	<b>180,702</b>	<b>47,638</b>	<b>228,340</b>	<b>32,324,397</b>	<b>1,355,230</b>	<b>33,679,627</b>	<b>46,603,963</b>
<b>EXPENSES</b>									
Salaries/wages	1,304,531	0	56,550	0	56,550	11,222,698	136,904	11,359,602	14,240,571
Fringe benefits	477,800	0	11,310	0	11,310	4,363,196	85,557	4,448,753	5,392,173
Contractual	285,636	0	0	0	0	2,816,849	458,609	3,275,458	3,617,518
Travel	15,882	0	0	0	0	47,406	452	47,858	66,825
Space costs	508,795	0	0	0	0	1,304,757	135,732	1,440,489	2,115,770
Supplies/food	41,819	0	98,349	47,638	145,987	764,956	240,582	1,005,538	1,313,714
Energy and other assistance payments	562,882	0	0	0	0	0	0	0	6,520,265
Indirect costs	360,921	0	13,742	0	13,742	3,161,843	45,048	3,206,891	3,981,329
Other	302,487	0	751	0	751	1,647,687	252,346	1,900,033	2,360,793
Depreciation expense	0	0	0	0	0	0	0	0	0
In-kind expenses	0	0	0	0	0	6,995,005	0	6,995,005	6,995,005
<b>Total Expenses</b>	<b>3,860,753</b>	<b>0</b>	<b>180,702</b>	<b>47,638</b>	<b>228,340</b>	<b>32,324,397</b>	<b>1,355,230</b>	<b>33,679,627</b>	<b>46,603,963</b>
<b>Change in Net Assets</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Net assets - Beginning of the Year	0	0	0	0	0	0	0	0	0
<b>NET ASSETS - End of the Year</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>

# Step Forward

## Schedule A-4

### Schedule of Program Activity

Year Ended January 31, 2021

STATE AND LOCAL PROGRAMS									
	Universal Pre- Kindergarten (UPK 2.0 -1) (21)	Universal Pre- Kindergarten (UPK 2.0 -2) (22)	Universal Pre- Kindergarten (UPK2.0 -3) (23)	Universal Pre- Kindergarten (UPK2.0 -4) (24)	Ohio Head Start Program IRN- 77909-03/04 (25)	First Energy Fuel Fund 7 (26)	First Energy Fuel Fund 8 (27)	First Energy Fuel Fund 9 (28)	Early Childhood Education (ECE) VII (29)
<b>REVENUE</b>									
<b>Grant and Contract Revenue</b>									
Prior year's refundable advance liability	\$ 41,009	\$ 253	\$ 0	\$ 0	\$ 144,270	\$ 26,468	\$ 67,133	\$ 0	\$ 0
Current year awards	0	0	245,817	161,527	0	0	0	69,500	152,496
Funds reprogrammed	(41,009)	(253)	(25,098)	66,360	0	(26,468)	(16,160)	42,628	0
Funds repaid/deobligated	0	0	0	0	0	0	0	0	0
Refundable advance liability	0	0	0	0	(144,270)	0	0	0	0
<b>Total grant revenue</b>	<b>0</b>	<b>0</b>	<b>220,719</b>	<b>227,887</b>	<b>0</b>	<b>0</b>	<b>50,973</b>	<b>112,128</b>	<b>152,496</b>
Transfers	0	0	0	0	0	0	0	0	0
Donations	0	0	0	0	0	0	0	0	0
Contract revenue	0	0	0	0	0	0	0	0	0
Other income	0	0	0	0	0	0	0	0	0
Amortized rent	0	0	0	0	0	0	0	0	0
In-kind contributions	0	0	0	0	0	0	0	0	0
<b>Total Revenue</b>	<b>0</b>	<b>0</b>	<b>220,719</b>	<b>227,887</b>	<b>0</b>	<b>0</b>	<b>50,973</b>	<b>112,128</b>	<b>152,496</b>
<b>EXPENSES</b>									
Salaries/wages	0	0	140,426	112,988	0	0	0	0	99,609
Fringe benefits	0	0	42,387	26,649	0	0	0	0	26,942
Contractual	0	0	0	0	0	0	6,564	0	0
Travel	0	0	0	0	0	0	0	0	0
Space costs	0	0	0	0	0	0	18,776	1,797	0
Supplies/food	0	0	0	0	0	0	11,776	0	0
Energy and other assistance payments	0	0	0	0	0	0	0	0	0
Indirect costs	0	0	37,020	28,276	0	0	0	0	19,927
Other	0	0	886	0	0	0	13,857	266	6,018
Depreciation expense	0	0	0	0	0	0	0	0	0
In-kind expenses	0	0	0	0	0	0	0	0	0
<b>Total Expenses</b>	<b>0</b>	<b>0</b>	<b>220,719</b>	<b>167,913</b>	<b>0</b>	<b>0</b>	<b>50,973</b>	<b>2,063</b>	<b>152,496</b>
<b>Change in Net Assets</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>59,974</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>110,065</b>	<b>0</b>
Net assets - Beginning of the Year	0	0	0	0	0	0	0	0	0
<b>NET ASSETS - End of the Year</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 59,974</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 110,065</b>	<b>\$ 0</b>

# Step Forward

## Schedule A-5

### Schedule of Program Activity

Year Ended January 31, 2021

STATE AND LOCAL PROGRAMS									
	Early Childhood Education (ECE) VIII (30)	Update the Plate L. Stokes Grant (31)	First Energy Service Grant 2019 (32)	First Energy Service Grant 2020 (33)	First Energy Service Grant 2021 (34)	Cleveland Foundation Grant (35)	Covid-19 Rapid Response (36)	Digital Equity Fund (37)	Garden Grant (38)
<b>REVENUE</b>									
<b>Grant and Contract Revenue</b>									
Prior year's refundable advance liability	\$ 0	\$ 751	\$ 264,263	\$ 86,527	\$ 0	\$ 72,500	\$ 0	\$ 0	\$ 1,200
Current year awards	353,159	0	0	0	0	0	14,000	10,000	0
Funds reprogrammed	0	0	0	0	0	0	0	0	0
Funds repaid/deobligated	0	0	0	0	0	0	0	0	0
Refundable advance liability	0	0	0	0	0	0	0	0	0
<b>Total grant revenue</b>	<b>353,159</b>	<b>751</b>	<b>264,263</b>	<b>86,527</b>	<b>0</b>	<b>72,500</b>	<b>14,000</b>	<b>10,000</b>	<b>1,200</b>
Transfers	0	0	(264,263)	70,053	(1,922)	0	0	0	0
Donations	0	0	0	0	0	0	0	0	0
Contract revenue	0	0	0	375,000	41,667	0	0	0	0
Other income	0	0	0	0	0	0	0	0	0
Amortized rent	0	0	0	0	0	0	0	0	0
In-kind contributions	0	0	0	0	0	0	0	0	0
<b>Total Revenue</b>	<b>353,159</b>	<b>751</b>	<b>0</b>	<b>531,580</b>	<b>39,745</b>	<b>72,500</b>	<b>14,000</b>	<b>10,000</b>	<b>1,200</b>
<b>EXPENSES</b>									
Salaries/wages	144,021	0	0	192,470	16,527	0	0	0	0
Fringe benefits	49,344	0	0	72,131	3,674	0	0	0	0
Contractual	0	0	0	73,328	7,234	72,500	0	0	0
Travel	0	0	0	922	0	0	0	0	0
Space costs	0	0	0	67,487	1,290	0	10,679	18	0
Supplies/food	120,637	0	0	4,650	74	0	0	0	0
Energy and other assistance payments	0	0	0	0	0	0	0	500	0
Indirect costs	39,157	0	0	53,582	4,091	0	0	0	0
Other	0	0	0	67,010	6,855	0	0	124	0
Depreciation expense	0	0	0	0	0	0	0	0	0
In-kind expenses	0	0	0	0	0	0	0	0	0
<b>Total Expenses</b>	<b>353,159</b>	<b>0</b>	<b>0</b>	<b>531,580</b>	<b>39,745</b>	<b>72,500</b>	<b>10,679</b>	<b>642</b>	<b>0</b>
<b>Change in Net Assets</b>	<b>0</b>	<b>751</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,321</b>	<b>9,358</b>	<b>1,200</b>
Net assets - Beginning of the Year	0	0	0	0	0	0	0	0	0
<b>NET ASSETS - End of the Year</b>	<b>\$ 0</b>	<b>\$ 751</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 3,321</b>	<b>\$ 9,358</b>	<b>\$ 1,200</b>

# Step Forward

## Schedule A-6

### Schedule of Program Activity

Year Ended January 31, 2021

	STATE AND LOCAL PROGRAMS				OTHER				TOTAL PROGRAMS
	United Way Services - Kindergarten Readiness (Education)	United Way Services - Kindergarten Readiness (Education)	Early Care and Education Rapid Relief Fund	Total State and Local Programs	Grant-Funded Equipment Fund	Direct Cost Pools	Indirect Costs	Eliminate Non-GAAP In Kind	
	2019-20 (39)	2020-21 (40)	(41)		(42)	(43)	(44)	(45)	
<b>REVENUE</b>									
<b>Grant and Contract Revenue</b>									
Prior year's refundable advance liability	\$ 3,649	\$ 0	\$ 0	\$ 708,023	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,277,317
Current year awards	35,420	85,000	23,096	1,150,015	0	0	0	0	43,739,917
Funds reprogrammed	0	0	0	0	0	0	0	0	0
Funds repaid/deobligated	0	0	0	0	0	0	0	0	(71,339)
Refundable advance liability	0	0	0	(144,270)	0	0	0	0	(3,671,981)
<b>Total grant revenue</b>	<b>39,069</b>	<b>85,000</b>	<b>23,096</b>	<b>1,713,768</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>41,273,914</b>
Transfers	0	0	0	(196,132)	0	0	(74,894)	0	(271,026)
Donations	0	0	0	0	0	0	0	0	0
Contract revenue	0	0	0	416,667	0	0	0	0	465,479
Other income	0	0	0	0	0	0	0	0	0
Amortized rent	0	0	0	0	0	0	0	0	0
In-kind contributions	0	0	0	0	0	0	0	(44,007)	6,950,998
<b>Total Revenue</b>	<b>39,069</b>	<b>85,000</b>	<b>23,096</b>	<b>1,934,303</b>	<b>0</b>	<b>0</b>	<b>(74,894)</b>	<b>(44,007)</b>	<b>48,419,365</b>
<b>EXPENSES</b>									
Salaries/wages	21,185	0	0	727,226	0	683,070	1,984,582	0	17,635,449
Fringe benefits	11,305	0	0	232,432	0	251,610	672,846	0	6,549,061
Contractual	0	0	0	159,626	0	49,598	737,798	0	4,564,540
Travel	0	0	0	922	0	1,383	8,783	0	77,913
Space costs	0	0	0	100,047	(212,716)	(214,807)	535,270	0	2,323,564
Supplies/food	0	0	0	137,137	0	27,366	71,231	0	1,549,448
Energy and other assistance payments	0	0	0	500	0	0	0	0	6,520,765
Indirect costs	6,579	0	0	188,632	0	189,273	(4,359,234)	0	0
Other	0	0	0	95,016	0	(987,493)	273,830	0	1,742,146
Depreciation expense	0	0	0	0	520,839	0	0	0	520,839
In-kind expenses	0	0	0	0	0	0	0	(44,007)	6,950,998
<b>Total Expenses</b>	<b>39,069</b>	<b>0</b>	<b>0</b>	<b>1,641,538</b>	<b>308,123</b>	<b>0</b>	<b>(74,894)</b>	<b>(44,007)</b>	<b>48,434,723</b>
<b>Change in Net Assets</b>	<b>0</b>	<b>85,000</b>	<b>23,096</b>	<b>292,765</b>	<b>(308,123)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(15,358)</b>
Net assets - Beginning of the Year	0	0	0	0	4,035,248	0	0	0	4,035,248
<b>NET ASSETS - End of the Year</b>	<b>\$ 0</b>	<b>\$ 85,000</b>	<b>\$ 23,096</b>	<b>\$ 292,765</b>	<b>\$ 3,727,125</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 4,019,890</b>

# Step Forward

Schedule A-7

Schedule of Program Activity

Year Ended January 31, 2021

	<b>CORPORATE ACTIVITY</b>	
	<b>Rent Holiday</b>	<b>Total Corporate Activity Including Rent Holiday</b>
	<b>(46)</b>	<b>(47)</b>
<b>REVENUE</b>		
<b>Grant and Contract Revenue</b>		
Prior year's refundable advance liability	\$ 0	\$ 0
Current year awards	0	0
Funds reprogrammed	0	0
Funds repaid/deobligated	0	0
Refundable advance liability	0	0
Total grant revenue	<u>0</u>	<u>0</u>
Transfers	0	271,026
Donations	0	3,648
Contract revenue	0	1,369
Other income	0	620,383
Amortized rent	136,033	136,033
In-kind contributions	0	0
<b>Total Revenue</b>	<b><u>136,033</u></b>	<b><u>1,032,459</u></b>
<b>EXPENSES</b>		
Salaries/wages	0	0
Fringe benefits	0	0
Contractual	0	0
Travel	0	0
Space costs	0	36,485
Supplies/food	0	(583)
Energy and other assistance payments	0	5,075
Indirect costs	0	0
Other	0	(12,928)
Depreciation expense	0	3,534
In-kind expenses	0	0
<b>Total Expenses</b>	<b><u>0</u></b>	<b><u>31,583</u></b>
<b>Change in Net Assets</b>	<b>136,033</b>	<b>1,000,876</b>
Net assets - Beginning of the Year	<u>(408,098)</u>	<u>504,370</u>
<b>NET ASSETS - End of the Year</b>	<b><u>(\$ 272,065)</u></b>	<b><u>\$ 1,505,246</u></b>

# Step Forward

## Schedule B-1

### Schedule of Expenditures of Federal Awards and List of Programs

Year Ended January 31, 2021

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	CFDA Number	Pass-Through Entity Identifying Number	Program Year	Passed Through Subrecipients	Federal Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE</b>					
<b>Passed through Ohio Department of Education</b>					
( 1) Child and Adult Care Food Program	10.558	IRN-077909	10/01/19-09/30/20	\$ 0	\$ 90,436
( 2) Child and Adult Care Food Program	10.558	IRN-077909	10/01/20-09/30/21	0	169,142
<b>Total Federal Expenditures CFDA 10.558</b>				<b>0</b>	<b>259,578</b>
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE PROGRAMS</b>				<b>0</b>	<b>259,578</b>
<b>U.S. DEPARTMENT OF TREASURY</b>					
<b>Passed through Ohio Development Services Agency</b>					
( 3) COVID-19 Coronavirus Relief Fund - Emergency Services Fund (CRF-ESP)	21.019	#CRF-ESP 2020-16	04/01/20-12/30/20	0	5,609,747
<b>TOTAL U.S. DEPARTMENT OF TREASURY PROGRAMS</b>				<b>0</b>	<b>5,609,747</b>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>					
<b>Passed through Ohio Development Services Agency</b>					
( 4) HEAP Summer Crisis Program	93.568	19-HC-215	07/01/19-08/31/19	0	986
( 5) HEAP Summer Crisis Program	93.568	20-HC-215	07/01/20-09/30/20	0	424,021
( 6) HEAP Administrative Program	93.568	20-HA-115	09/01/19-08/31/20	0	1,120,666
( 7) HEAP Administrative Program	93.568	21-HA-115	09/01/20-08/31/21	0	800,899
( 8) HEAP Energy Assistance Program	93.568	20-HE-215	11/01/19-03/31/20	0	297,403
( 9) HEAP Energy Assistance Program	93.568	21-HE-215	11/01/20-03/31/21	0	180,047
( 10) Percentage of Income Payment Plan Plus (PIPP)	93.568	19-PA-115	01/01/19-12/31/19	0	0
( 11) Percentage of Income Payment Plan Plus (PIPP)	93.568	20-PA-115	01/01/20-12/31/20	0	130,550
( 12) Percentage of Income Payment Plan Plus (PIPP)	93.568	21-PA-115	01/01/21-12/31/21	0	11,346
<b>Total Federal Expenditures CFDA 93.568</b>				<b>0</b>	<b>2,965,918</b>
<b>Passed through Ohio Development Services Agency</b>					
( 13) Community Services Block Grant	93.569	18-1916	01/01/18-12/31/19	0	0
( 14) Community Services Block Grant	93.569	#2021-16	01/01/20-12/31/21	0	3,429,127
( 15) Grant	93.569	#CSBG CARES 2020-16	03/27/20-09/30/22	0	419,705
<b>Total Federal Expenditures CFDA 93.569</b>				<b>0</b>	<b>3,848,832</b>

# Step Forward

## Schedule B-2

### Schedule of Expenditures of Federal Awards and List of Programs

Year Ended January 31, 2021

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	CFDA Number	Pass-Through Entity Identifying Number	Program Year	Passed Through Subrecipients	Federal Expenditures
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)</b>					
<b>Passed through Ohio Child Care Resource and Referral Association (OCCRRA)</b>					
<b>CCDF Cluster</b>					
( 16) Step to Quality IX	93.575	N/A	02/01/19-01/31/20	0	0
( 17) COVID-19 Pandemic Support Payment	93.575	N/A	06/01/20-10/31/20	0	180,702
( 18) COVID-19 Pandemic Support Payment 2	93.575	N/A	10/01/20-10/31/20	0	47,638
<b>Total Federal Expenditures CFDA 93.575 CCDF Cluster</b>				<b>0</b>	<b>228,340</b>
<b>Direct Funding</b>					
<b>Head Start Cluster</b>					
( 19) Head Start/Early Head Start Program	93.600	05CH010828-02	02/01/20-01/31/21	0	25,292,501
( 20) COVID-19 Head Start	93.600	05CH010828-02-C3	02/01/20-01/31/21	0	1,355,230
<b>Total Federal Expenditures CFDA 93.600 Head Start Cluster</b>				<b>0</b>	<b>26,647,731</b>
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				<b>0</b>	<b>33,462,481</b>
<b>TOTAL FEDERAL EXPENDITURES</b>				<b>\$ 0</b>	<b>\$ 39,560,146</b>

#### STATE AND LOCAL PROGRAMS

##### Passed through Ohio Department of Education

( 21) Universal Pre-Kindergarten 2.0-1	N/A	N/A	Ended in Prior Year
( 22) Universal Pre-Kindergarten 2.0-2	N/A	N/A	Ended in Prior Year
( 23) Universal Pre-Kindergarten 2.0-3	N/A	N/A	08/01/19-07/31/20
( 24) Universal Pre-Kindergarten 2.0-4	N/A	N/A	08/01/20-07/31/21
( 25) Ohio Head Start Program	N/A	IRN-77909-03/04	Ended in Prior Year

##### Passed through First Energy Company

( 26) Fuel Fund VII	N/A	N/A	Ended in Prior Year
( 27) Fuel Fund VIII	N/A	N/A	01/01/20-12/31/20
( 28) Fuel Fund IX	N/A	N/A	01/01/21-12/31/21

##### Passed through Early Childhood

( 29) Early Childhood Education VII	N/A	N/A	07/01/19-06/30/20
( 30) Early Childhood Education VIII	N/A	N/A	07/01/20-06/30/21

##### Passed through George Gund Foundation

( 31) Update the Plate - L. Stokes Grant	N/A	N/A	Ended in Prior Year
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##### Passed through First Energy Company

( 32) First Energy Service Grant - 2019	N/A	N/A	Ended in Prior Year
( 33) First Energy Service Grant - 2020	N/A	N/A	01/01/20-12/31/20
( 34) First Energy Service Grant - 2021	N/A	N/A	01/01/21-12/31/21

##### Passed through Cleveland Foundation

( 35) Cleveland Foundation Fund	N/A	249891	12/01/17-08/31/20
( 36) COVID-19 Rapid Response	N/A	N/A	Ongoing
( 37) Digital Equity Fund	N/A	363022	11/20/20-10/31/21

# Step Forward

## Schedule B-3

### Schedule of Expenditures of Federal Awards and List of Programs

Year Ended January 31, 2021

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	CFDA Number	Pass-Through Entity Identifying Number	Program Year
<b>STATE AND LOCAL PROGRAMS (Continued)</b>			
<b>Passed through Cuyahoga County Board of Health</b>			
( 38) Garden Grant	N/A	N/A	Ended in Prior Year
<b>Passed through United Way of Greater Cleveland</b>			
( 39) United Way Services - Kindergarten Readiness (Education) - 2019-20	N/A	N/A	07/01/19-06/30/20
( 40) United Way Services - Kindergarten Readiness (Education) - 2020-21	N/A	N/A	07/01/20-09/30/21
<b>Passed through Starting Point</b>			
( 41) Early Care and Education Rapid Relief Fund	N/A	N/A	Ongoing
<b>OTHER PROGRAM ACTIVITY</b>			
( 42) Grant-Funded Equipment Fund	N/A	N/A	Ongoing
( 43) Direct Cost Pool	N/A	N/A	Ongoing
( 44) Indirect Costs	N/A	N/A	Ongoing
( 45) Eliminate Non-GAAP In Kind	N/A	N/A	Ongoing
( 46) Rent Holiday	N/A	N/A	Ongoing
( 47) Corporate Activity	N/A	N/A	Ongoing

## Notes to the Schedule of Expenditures of Federal Awards and List of Programs

### Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards and list of programs (the "Schedule") includes the federal award activity of Step Forward under programs of the federal government for the year ended January 31, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Step Forward, it is not intended to and does not present the financial position, changes in net assets or cash flows of Step Forward.

### 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. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

### Note 3 - Indirect Cost

Step Forward has an approved Indirect Cost Rate and therefore has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

## **Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters**

Board of Directors  
Step Forward  
Cleveland, Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Step Forward (a nonprofit organization), which comprise the statement of financial position as of January 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 have issued our report thereon dated September 25, 2021.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Step Forward'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 Step Forward's internal control. Accordingly, we do not express an opinion on the effectiveness of Step Forward'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 the attention of those charged with governance.

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Step Forward'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 the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Step Forward's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Wipfli LLP

September 25, 2021  
Madison, Wisconsin

## **Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance**

Board of Directors  
Step Forward  
Cleveland, Ohio

### **Report on Compliance for Each Major Federal Program**

We have audited Step Forward's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Step Forward's major federal programs for the year ended January 31, 2021. Step Forward's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility for Compliance**

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

### **Auditor's Responsibility**

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Step Forward's compliance.

### **Opinion**

In our opinion, Step Forward complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended January 31, 2021.

## Report on Internal Control Over Compliance

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

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

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

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

Handwritten signature of Wipfli LLP in cursive script.

Wipfli LLP

September 25, 2021  
Madison, Wisconsin

# Step Forward

## Schedule of Findings and Questioned Costs Year Ended January 31, 2021

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### Section I - Summary of Auditor's Results

#### Financial Statements

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

#### Federal Awards

Internal control over major federal programs:	
Material weaknesses identified?	No
Significant deficiencies identified?	None Reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance [2 CFR 200.516(a)]?	No

#### Identification of major federal programs:

<u>Name of Federal Major Program or Cluster</u>	<u>CFDA No.</u>
<ul style="list-style-type: none"><li>• <b>U.S. Department of Treasury</b>     Coronavirus Relief Funds</li></ul>	21.019
<ul style="list-style-type: none"><li>• <b>U.S. Department of Health and Human Services</b>     Head Start Program</li></ul>	93.600

Dollar threshold used to distinguish between Type A and Type B programs: \$1,186,804

Auditee qualified as low-risk auditee? Yes

### Section II - Financial Statement Findings

None

### Section III - Federal Award Findings and Questioned Costs

None

### Section IV - Summary of Prior Year Findings

None