

Step Forward

Cleveland, Ohio

Financial Statements and Supplementary Information

Year Ended January 31, 2022



Step Forward

Financial Statements and Supplementary Information Year Ended January 31, 2022

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Independent Auditor's Report

Board of Directors
Step Forward
Cleveland, Ohio

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Step Forward (a nonprofit organization), which comprise the statement of financial position as of January 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Step Forward (a nonprofit organization) as of January 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the of Step Forward and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Supplementary Information

Our 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, which is required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform 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 of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2022, 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.

Wipfli LLP

Wipfli LLP

October 31, 2022
Madison, Wisconsin

Step Forward

Statement of Financial Position

January 31, 2022

<i>Assets</i>	
Current assets:	
Cash	\$ 10,238,775
Grants receivable	5,080,962
Accounts receivable	34,583
Prepaid expenses	281,808
Total current assets	15,636,128
Property and equipment, net	3,348,902
TOTAL ASSETS	\$ 18,985,030
<i>Liabilities and Net Assets</i>	
Current liabilities:	
Accounts payable	\$ 3,090,249
Accrued payroll and related expenses	854,813
Accrued vacation	602,743
Amortized rent obligation	136,033
Contract liability	83,333
Refundable advance liability	9,370,449
Total current liabilities	14,137,620
Net assets:	
Without donor restrictions	1,397,282
Without donor restrictions - Grant-funded property and equipment	3,287,894
Total net assets without donor restrictions	4,685,176
With donor restrictions	162,234
Total net assets	4,847,410
TOTAL LIABILITIES AND NET ASSETS	\$ 18,985,030

See accompanying notes to financial statements.

Step Forward

Statement of Activities

Year Ended January 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue:			
Grant revenue	\$ 53,545,591	\$ 21,384	\$ 53,566,975
Contract revenue	505,918	0	505,918
Other income	2,707	0	2,707
Amortized rent	136,032	0	136,032
In-kind contributions	6,828,798	0	6,828,798
Net assets released from restrictions	151,915	(151,915)	0
Total revenue	61,170,961	(130,531)	61,040,430
Expenses:			
Program expenses			
Child education	30,541,649	0	30,541,649
Community service programs	23,024,091	0	23,024,091
Energy assistance	3,085,210	0	3,085,210
Food programs	502,781	0	502,781
Other	88,588	0	88,588
Total program expenses	57,242,319	0	57,242,319
Supporting expenses			
Management and general	4,442,749	0	4,442,749
Fund-raising	33,088	0	33,088
Total supporting expenses	4,475,837	0	4,475,837
Total expenses	61,718,156	0	61,718,156
Change in net assets	(547,195)	(130,531)	(677,726)
Net assets - Beginning of the year	5,232,371	292,765	5,525,136
Net assets - End of the year	\$ 4,685,176	\$ 162,234	\$ 4,847,410

Step Forward

Statement of Functional Expenses Year Ended January 31, 2022

	Program Activities	Management & General	Fund-raising	Total
Expenses:				
Salaries/wages	\$ 15,573,002	\$ 2,072,866	\$ 19,699	\$ 17,665,567
Fringe benefits	6,139,545	816,285	7,748	6,963,578
Contractual	4,769,208	616,772	517	5,386,497
Travel	188,178	31,873	0	220,051
Space costs	2,071,715	504,431	4,537	2,580,683
Supplies/food	1,734,196	64,612	72	1,798,880
Energy and other assistance payments	17,654,308	6,750	0	17,661,058
Other	1,738,594	329,160	515	2,068,269
Depreciation expense	544,775	0	0	544,775
In-kind expenses	6,828,798	0	0	6,828,798
Total expenses	\$ 57,242,319	\$ 4,442,749	\$ 33,088	\$ 61,718,156

Step Forward

Statement of Cash Flows

Year Ended January 31, 2022

Increase (decrease) in cash:	
Cash flows from operating activities:	
Change in net assets	(\$ 677,726)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	544,775
Amortized rent obligation	(136,032)
Changes in operating assets and liabilities:	
Grants receivable	469,386
Accounts receivable	23,685
Prepaid expenses	(55,337)
Accounts payable	1,060,684
Accrued payroll and related expenses	32,127
Accrued vacation	(179,295)
Refundable advance liability	5,698,468
Net cash provided by operating activities	6,780,735
Cash flows from investing activities:	
Purchase of property and equipment	(102,010)
Net cash used in investing activities	(102,010)
Change in cash	6,678,725
Cash - Beginning of the year	3,560,050
Cash - End of the year	\$ 10,238,775

Step Forward

Notes to Financial Statements

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. Approximately 50% and 24% of Step Forward's grant revenue is received from the Department of Health and Human Services' Head Start program and the Department of Treasury's Coronavirus Relief programs for the year ended January 31, 2022.

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 of America.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America 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

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 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 promises 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

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 exchange transactions – Exchange transactions are reimbursed based on a predetermined rate for services performed in accordance with the terms of the award and ASC Topic 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 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 customers 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 \$505,918 during the year ended January 31, 2022.

The receivables at the beginning and ending of the year from contracts with customers totaled \$0. A contract 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

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 \$77,796 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 Pronouncement Adopted

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Non-Financial Assets (Topic 958)*. The amendments in this update require entities to present contributed nonfinancial assets as a separate line item in the statement of activities, expand disclosures on the various contributed nonfinancial assets recognized, including disaggregated category types, the valuation techniques and inputs used to arrive at fair value, and the policy for either monetizing or utilizing contributed nonfinancial assets. The adoption was applied on a retrospective basis as of February 1, 2021. There were no changes to revenue as a result of implementation nor were any beginning balances restated.

Step Forward

Notes to Financial Statements

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, 2023.

Subsequent Events

In preparing these financial statements, Step Forward has evaluated events and transactions for potential recognition or disclosure through October 31, 2022, 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, 2022:

Cash	\$ 10,238,775
<u>Accounts and grants receivable, to be collected in less than one year</u>	<u>5,115,545</u>
Subtotal financial assets	15,354,320
Less: Accounts payable	(3,090,249)
Less: Accrued payroll and related expenses	(854,813)
Less: Accrued vacation	(602,743)
Less: Refundable advance liability	(9,370,449)
Less: Net assets with donor restriction included in cash	(162,234)
<u>Total financial assets available</u>	<u>\$ 1,273,832</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 10).

Note 4: Grants Receivable

Grants receivable of \$5,080,962 at January 31, 2022, consisted of \$3,700,248 from federal programs, \$1,269,543 from state programs and \$111,171 from local programs.

Step Forward

Notes to Financial Statements

Note 5: Property and Equipment

A summary of property and equipment as of January 31, 2022, is as follows:

	Grant Funded	Corporate	Totals
Buildings	\$ 9,406,916	\$ 60,942	\$ 9,467,858
Building renovations	1,806,000	0	1,806,000
Vehicles/equipment	2,345,576	131,509	2,477,085
Total cost	13,558,492	192,451	13,750,943
Accumulated depreciation	(10,270,598)	(131,443)	(10,402,041)
Property and equipment, net	\$ 3,287,894	\$ 61,008	\$ 3,348,902

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, 2022, 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 Home Relief Grant- CARES (HRG) #CAA-HRG 2021-16	Ohio Development Services Agency	03/13/20-12/30/21	6,445,650
HEAP Energy Assistance Program 22-HA-115	Ohio Development Services Agency	09/01/21-08/31/22	364,486
HEAP Energy Assistance Program 22-HE-215	Ohio Development Services Agency	11/01/21-03/31/22	451,997
HEAP Energy Assistance Program 21-PA-115	Ohio Development Services Agency	01/01/21-12/31/21	22,009
LIHWAP 2021-115	Ohio Development Services Agency	01/01/22-12/31/22	503,196
COVID-19 CSBG CARES Program CSBG-CARES 2020-16	Ohio Development Services Agency	03/27/20-09/30/22	1,088,232
COVID-19 Pandemic Support Payment 3	Ohio Child Care Resource & Referral	10/01/21-10/31/22	183,031
Universal Pre-Kindergarten UPK3.0-1	Ohio Department of Education	08/01/21-07/31/22	127,578
GSST-I	Key Bank	01/01/21-12/31/22	40,000
Total			\$ 9,370,449

Step Forward

Notes to Financial Statements

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, 2022, Step Forward has not drawn on the line of credit. As of January 31, 2022, 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:

Child education	\$ 15,551
Energy assistance	58,375
Foundation programs	3,821
Gardening program	1,200
Kindergarten readiness	66,003
Rapid relief	16,533
Other	751
Total	<u>\$ 162,234</u>

Net assets released from purpose restrictions were \$151,915 for the year ended January 31, 2022.

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, 2022, were \$1,078,612.

Note 10: Grant Awards

At January 31, 2022, Step Forward had commitments under various grant awards of approximately \$48,600,000. 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.

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, 2022, was \$1,907,907. 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:

2023	\$ 1,640,473
2024	281,600
2025	281,600
2026	284,001
2027	273,801
Thereafter	281,601
Total	<u>\$ 3,043,076</u>

Step Forward

Notes to Financial Statements

Note 11: Operating Lease Agreements (Continued)

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 current liability, amortized rent obligation, in the amount of \$136,033.

Note 12: In-Kind Contributions

Step Forward has utilized the following in-kind contributions for the Head Start program for the year ended January 31, 2022:

Space	\$ 4,104,470
Supplies	19,362
Professional services	2,704,966
<hr/>	
Total	\$ 6,828,798

The fair value of the space in-kind was based on market rent studies that were performed based on comparable properties. Contributed supplies are valued at the estimated fair value on the basis of what would be received for selling similar products. Contributed professional services are valued and reported at the estimated fair value based on current rates. There were no donor-imposed restrictions with the contributed nonfinancial assets.

Supplementary Information

Step Forward

Schedule A-1

Schedule of Program Activity

Year Ended January 31, 2022

FEDERAL PROGRAMS										
Department of Agriculture					HUD		Dept. of Treasury			
10.558					14.228		21.019			
					COVID-19 Commnity Development Block Grant (CDBG-CV) #N-D-20-7AM-1		Coronavirus Relief Fund - Emerg. Services Fund (CRF-ESP) #CRF-ESP 2020-16		COVID-19 Home Relief Grant-CARES #CAA-HRG 2021-16	
Total		Child Care Food Program 2020/2021 (1)	Child Care Food Program 2021/2022 (2)	COVID-19 Child Care Food Program (3)	10.558 Subtotal	(4)	(5)	(6)	21.019 Subtotal	
REVENUE										
Grant and Contract Revenue										
Prior year's refundable advance liability	\$ 3,671,981	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,289,916	\$ 0	\$ 1,289,916	
Current year awards	60,096,142	102,971	315,923	130,375	549,269	1,640,738	0	18,105,635	18,105,635	
Funds reprogrammed	0	0	0	0	0	0	0	0	0	
Funds repaid/deobligated	(830,699)	0	0	0	0	0	0	0	0	
Refundable advance liability	(9,370,449)	0	0	0	0	0	0	(6,445,650)	(6,445,650)	
Total grant revenue	53,566,975	102,971	315,923	130,375	549,269	1,640,738	1,289,916	11,659,985	12,949,901	
Transfers	0	0	0	0	0	0	0	0	0	
Contract revenue	505,918	0	0	0	0	0	0	0	0	
Other income	2,707	0	0	0	0	0	0	0	0	
Amortized rent	136,032	0	0	0	0	0	0	0	0	
In-kind contributions	6,828,798	0	0	0	0	0	0	0	0	
Total Revenue	61,040,430	102,971	315,923	130,375	549,269	1,640,738	1,289,916	11,659,985	12,949,901	
EXPENSES										
Salaries/wages	17,665,567	98,889	61,516	0	160,405	20,711	21,706	53,261	74,967	
Fringe benefits	6,963,578	39,769	17,845	0	57,614	14,715	21,736	37,633	59,369	
Contractual	5,386,497	0	0	0	0	177,108	20,182	258,601	278,783	
Travel	220,051	0	0	0	0	0	0	0	0	
Space costs	2,580,683	0	0	0	0	0	0	3,805	3,805	
Supplies/food	1,798,880	(64,196)	220,236	130,375	286,415	14,417	0	26,737	26,737	
Energy and other assistance payments	17,661,058	0	0	0	0	1,405,849	1,217,495	11,247,284	12,464,779	
Indirect costs	0	28,078	16,071	0	44,149	7,174	8,797	18,406	27,203	
Other	2,068,269	431	255	0	686	764	0	14,258	14,258	
Depreciation expense	544,775	0	0	0	0	0	0	0	0	
In-kind expenses	6,828,798	0	0	0	0	0	0	0	0	
Total Expenses	61,718,156	102,971	315,923	130,375	549,269	1,640,738	1,289,916	11,659,985	12,949,901	
Change in Net Assets										
Net assets - Beginning of the Year	(677,726)	0	0	0	0	0	0	0	0	
NET ASSETS - End of the Year	5,525,136	0	0	0	0	0	0	0	0	
NET ASSETS - End of the Year	\$ 4,847,410	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	

Step Forward

Schedule A-2

Schedule of Program Activity

Year Ended January 31, 2022

FEDERAL PROGRAMS									
Department of Health and Human Services									
93.568								93.569	
HEAP Summer Crisis Program 21-HC-215		HEAP Admin. Program 21-HA-115	HEAP Admin. Program 22-HA-115	HEAP Admin. Program 21-HE-215	HEAP Admin. Program 22-HE-215	Percentage of Income Payment Plan 21-PA-115	Percentage of Income Payment Plan 22-PA-115	93.568 Subtotal	Community Services Block Grant (CSBG) PY 2020-2021 2021-16
(7)		(8)	(9)	(10)	(11)	(12)	(13)		(14)
REVENUE									
Grant and Contract Revenue									
Prior year's refundable advance liability	\$ 0	\$ 443,872	\$ 0	\$ 499,953	\$ 0	\$ 29,383	\$ 0	\$ 973,208	\$ 142,665
Current year awards	643,668	1,401,233	1,256,843	0	680,000	122,185	17,213	4,624,338	4,248,207
Funds reprogrammed	0	0	0	0	0	0	0	0	0
Funds repaid/deobligated	0	(542,853)	0	(287,846)	0	0	0	(830,699)	0
Refundable advance liability	0	0	(364,486)	0	(451,997)	(22,009)	0	(1,341,688)	0
Total grant revenue	643,668	1,302,252	892,357	212,107	228,003	129,559	17,213	3,425,159	4,390,872
Transfers	0	0	0	0	0	0	0	0	2,600
Contract revenue	0	0	0	0	0	0	0	0	0
Other income	0	0	0	0	0	0	0	0	8,544
Amortized rent	0	0	0	0	0	0	0	0	0
In-kind contributions	0	0	0	0	0	0	0	0	0
Total Revenue	643,668	1,302,252	892,357	212,107	228,003	129,559	17,213	3,425,159	4,402,016
EXPENSES									
Salaries/wages	0	662,734	444,844	0	0	72,135	11,674	1,191,387	1,430,169
Fringe benefits	0	251,362	148,298	0	0	27,486	2,364	429,510	521,670
Contractual	0	36,442	44,484	0	0	5,898	0	86,824	183,679
Travel	0	1,516	1,782	0	0	0	0	3,298	9,666
Space costs	0	73,997	54,155	0	0	3,556	332	132,040	519,649
Supplies/food	0	5,073	2,871	0	0	311	0	8,255	34,300
Energy and other assistance payments	643,668	0	0	212,107	228,003	0	0	1,083,778	959,723
Indirect costs	0	185,105	120,111	0	0	20,173	2,843	328,232	395,247
Other	0	86,023	75,812	0	0	0	0	161,835	347,913
Depreciation expense	0	0	0	0	0	0	0	0	0
In-kind expenses	0	0	0	0	0	0	0	0	0
Total Expenses	643,668	1,302,252	892,357	212,107	228,003	129,559	17,213	3,425,159	4,402,016
Change in Net Assets	0	0	0	0	0	0	0	0	0
Net assets - Beginning of the Year	0	0	0	0	0	0	0	0	0
NET ASSETS - End of the Year	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

Step Forward

Schedule A-3

Schedule of Program Activity

Year Ended January 31, 2022

	FEDERAL PROGRAMS								
	Department of Health and Human Services								
	93.569			93.575					93.600
	Community Services Block Grant (CSBG)	COVID-19 Community Services Block Grant - #CSBG			COVID-19 Pandemic Support Payment	COVID-19 Pandemic Support Payment 2	COVID-20 Pandemic Support Payment 3		
	PY 2022-2023	Grant - #CSBG	93.569	Step Up to				93.575	Head Start
	22-2316	CARES 2020-16	Subtotal	Quality IX				Subtotal	05CH010828-03
	(15)	(16)		(17)	(18)	(19)	(20)		(21)
REVENUE									
Grant and Contract Revenue									
Prior year's refundable advance liability	\$ 0	\$ 1,071,578	\$ 1,214,243	\$ 38,000	\$ 9,636	\$ 2,708	\$ 0	\$ 50,344	\$ 0
Current year awards	246,550	3,119,883	7,614,640	(1,929)	0	0	193,080	191,151	25,121,503
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	(1,088,232)	(1,088,232)	0	0	0	(183,031)	(183,031)	0
Total grant revenue	246,550	3,103,229	7,740,651	36,071	9,636	2,708	10,049	58,464	25,121,503
Transfers	0	0	2,600	0	0	0	0	0	0
Contract revenue	0	0	0	0	0	0	0	0	5,918
Other income	0	0	8,544	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	6,906,594
Total Revenue	246,550	3,103,229	7,751,795	36,071	9,636	2,708	10,049	58,464	32,034,015
EXPENSES									
Salaries/wages	107,427	142,625	1,680,221	0	0	0	0	0	11,138,928
Fringe benefits	19,138	78,998	619,806	0	0	0	0	0	4,187,263
Contractual	630	1,003,607	1,187,916	0	0	0	0	0	2,613,464
Travel	334	168	10,168	0	0	0	0	0	169,983
Space costs	55,333	28,140	603,122	0	0	0	0	0	1,368,183
Supplies/food	62	10,953	45,315	19,832	9,636	2,708	10,049	42,225	622,724
Energy and other assistance payments	5,161	1,735,018	2,699,902	0	0	0	0	0	0
Indirect costs	25,629	44,878	465,754	0	0	0	0	0	3,103,554
Other	32,836	58,842	439,591	688	0	0	0	688	1,923,322
Depreciation expense	0	0	0	0	0	0	0	0	0
In-kind expenses	0	0	0	0	0	0	0	0	6,906,594
Total Expenses	246,550	3,103,229	7,751,795	20,520	9,636	2,708	10,049	42,913	32,034,015
Change in Net Assets	0	0	0	15,551	0	0	0	15,551	0
Net assets - Beginning of the Year	0	0	0	0	0	0	0	0	0
NET ASSETS - End of the Year	\$ 0	\$ 0	\$ 0	\$ 15,551	\$ 0	\$ 0	\$ 0	\$ 15,551	\$ 0

Step Forward

Schedule A-4

Schedule of Program Activity

Year Ended January 31, 2022

	FEDERAL PROGRAMS				STATE AND LOCAL PROGRAMS				
	Department of Health and Human Services								
	93.600								
	Head Start CRRSA 05HE000176-01-C5 (22)	Head Start ARP 05HE000176-01-C6 (23)	93.600 Subtotal	TOTAL FEDERAL PROGRAMS	Universal Pre- Kindergarten (UPK2.0 -4) (24)	Universal Pre- Kindergarten (UPK3.0 -1) (25)	Ohio Head Start Program IRN- 77909-03/04 (26)	First Energy Fuel Fund 9 (27)	First Energy Fuel Fund 10 (28)
REVENUE									
Grant and Contract Revenue									
Prior year's refundable advance liability	\$ 0	\$ 0	\$ 0	\$ 3,527,711	\$ 0	\$ 0	\$ 144,270	\$ 0	\$ 0
Current year awards	704,500	797,386	26,623,389	59,349,160	161,696	345,000	0	0	2,930
Funds reprogrammed	0	0	0	0	0	0	0	0	0
Funds repaid/deobligated	0	0	0	(830,699)	0	0	0	0	0
Refundable advance liability	0	0	0	(9,058,601)	0	(127,578)	(144,270)	0	0
Total grant revenue	704,500	797,386	26,623,389	52,987,571	161,696	217,422	0	0	2,930
Transfers	0	0	0	2,600	0	0	0	(58,375)	58,375
Contract revenue	0	0	5,918	5,918	0	0	0	0	0
Other income	0	0	0	8,544	0	0	0	0	0
Amortized rent	0	0	0	0	0	0	0	0	0
In-kind contributions	0	0	6,906,594	6,906,594	0	0	0	0	0
Total Revenue	704,500	797,386	33,535,901	59,911,227	161,696	217,422	0	(58,375)	61,305
EXPENSES									
Salaries/wages	0	93,605	11,232,533	14,360,224	92,702	133,869	0	0	0
Fringe benefits	251,577	39,722	4,478,562	5,659,576	36,914	42,189	0	0	0
Contractual	200,143	0	2,813,607	4,544,238	0	0	0	0	480
Travel	0	0	169,983	183,449	0	0	0	0	0
Space costs	100,988	68,597	1,537,768	2,276,735	0	0	0	27,964	1,975
Supplies/food	97,163	521,757	1,241,644	1,665,008	0	5,712	0	15,637	0
Energy and other assistance payments	0	0	0	17,654,308	0	0	0	0	0
Indirect costs	50,944	26,999	3,181,497	4,054,009	26,247	35,652	0	0	0
Other	3,685	46,706	1,973,713	2,591,535	0	0	0	8,089	475
Depreciation expense	0	0	0	0	0	0	0	0	0
In-kind expenses	0	0	6,906,594	6,906,594	0	0	0	0	0
Total Expenses	704,500	797,386	33,535,901	59,895,676	155,863	217,422	0	51,690	2,930
Change in Net Assets	0	0	0	15,551	5,833	0	0	(110,065)	58,375
Net assets - Beginning of the Year	0	0	0	0	59,974	0	0	110,065	0
NET ASSETS - End of the Year	\$ 0	\$ 0	\$ 0	\$ 15,551	\$ 65,807	\$ 0	\$ 0	\$ 0	\$ 58,375

Step Forward

Schedule A-5

Schedule of Program Activity

Year Ended January 31, 2022

STATE AND LOCAL PROGRAMS									
	Early Childhood Education (ECE) VIII (29)	Early Childhood Education (ECE) IX (30)	Update the Plate L. Stokes Grant (31)	First Energy Service Grant 2021 (32)	First Energy Service Grant 2022 (33)	Covid-19 Rapid Response (34)	Digital Equity Fund (35)	Garden Grant (36)	United Way Services - Kindergarten Readiness (Education) 2020-21 (37)
REVENUE									
Grant and Contract Revenue									
Prior year's refundable advance liability	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Current year awards	18,841	220,859	0	0	0	0	0	0	(42,304)
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
Total grant revenue	18,841	220,859	0	0	0	0	0	0	(42,304)
Transfers	0	0	0	114,473	(7,991)	0	0	0	0
Contract revenue	0	0	0	458,333	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
Total Revenue	18,841	220,859	0	572,806	33,676	0	0	0	(42,304)
EXPENSES									
Salaries/wages	8,742	135,592	0	147,340	15,146	0	0	0	25,000
Fringe benefits	2,308	46,703	0	83,113	2,469	0	0	0	9,250
Contractual	0	0	0	71,592	7,374	0	0	0	0
Travel	0	0	0	0	0	0	0	0	0
Space costs	0	0	0	53,947	2,173	0	(18)	0	0
Supplies/food	5,554	1,649	0	4,516	0	0	0	0	1,314
Energy and other assistance payments	0	0	0	0	0	0	0	0	0
Indirect costs	2,237	36,915	0	46,667	3,567	0	0	0	6,936
Other	0	0	0	165,631	2,947	0	8,876	0	0
Depreciation expense	0	0	0	0	0	0	0	0	0
In-kind expenses	0	0	0	0	0	0	0	0	0
Total Expenses	18,841	220,859	0	572,806	33,676	0	8,858	0	42,500
Change in Net Assets	0	0	0	0	0	0	(8,858)	0	(84,804)
Net assets - Beginning of the Year	0	0	751	0	0	3,321	9,358	1,200	85,000
NET ASSETS - End of the Year	\$ 0	\$ 0	\$ 751	\$ 0	\$ 0	\$ 3,321	\$ 500	\$ 1,200	\$ 196

Step Forward

Schedule A-6

Schedule of Program Activity

Year Ended January 31, 2022

	STATE AND LOCAL PROGRAMS		OTHER				
	Early Care and Education Rapid Relief Fund (38)	Total State and Local Programs	Grant-Funded Equipment Fund (39)	Direct Cost Pools (40)	Indirect Costs (41)	Eliminate Non- GAAP In Kind (42)	TOTAL PROGRAMS
REVENUE							
Grant and Contract Revenue							
Prior year's refundable advance liability	\$ 0	\$ 144,270	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,671,981
Current year awards	(40)	746,982	0	0	0	0	60,096,142
Funds reprogrammed	0	0	0	0	0	0	0
Funds repaid/deobligated	0	0	0	0	0	0	(830,699)
Refundable advance liability	0	(311,848)	0	0	0	0	(9,370,449)
Total grant revenue	(40)	579,404	0	0	0	0	53,566,975
Transfers	0	106,482	0	0	40,489	0	149,571
Contract revenue	0	500,000	0	0	0	0	505,918
Other income	0	0	0	0	0	0	8,544
Amortized rent	0	0	0	0	0	0	0
In-kind contributions	0	0	0	0	0	(77,796)	6,828,798
Total Revenue	(40)	1,185,886	0	0	40,489	(77,796)	61,059,806
EXPENSES							
Salaries/wages	0	558,391	0	673,647	2,072,866	0	17,665,128
Fringe benefits	0	222,946	0	264,771	816,285	0	6,963,578
Contractual	0	79,446	0	98,024	616,772	0	5,338,480
Travel	0	0	0	4,389	31,873	0	219,711
Space costs	0	86,041	(102,010)	(223,459)	504,431	0	2,541,738
Supplies/food	6,523	40,905	0	28,355	64,612	0	1,798,880
Energy and other assistance payments	0	0	0	0	6,750	0	17,661,058
Indirect costs	0	158,221	0	190,030	(4,402,260)	0	0
Other	0	186,018	0	(1,035,757)	329,160	0	2,070,956
Depreciation expense	0	0	541,241	0	0	0	541,241
In-kind expenses	0	0	0	0	0	(77,796)	6,828,798
Total Expenses	6,523	1,331,968	439,231	0	40,489	(77,796)	61,629,568
Change in Net Assets	(6,563)	(146,082)	(439,231)	0	0	0	(569,762)
Net assets - Beginning of the Year	23,096	292,765	3,727,125	0	0	0	4,019,890
NET ASSETS - End of the Year	\$ 16,533	\$ 146,683	\$ 3,287,894	\$ 0	\$ 0	\$ 0	\$ 3,450,128

Step Forward

Schedule A-7

Schedule of Program Activity

Year Ended January 31, 2022

	CORPORATE ACTIVITY		
	Rent Holiday (43)	Corporate Activity (44)	Total Corporate Activity Including Rent Holiday
REVENUE			
Grant and Contract Revenue			
Prior year's refundable advance liability	\$ 0	\$ 0	\$ 0
Current year awards	0	0	0
Funds reprogrammed	0	0	0
Funds repaid/deobligated	0	0	0
Refundable advance liability	0	0	0
Total grant revenue	0	0	0
Transfers	0	(149,571)	(149,571)
Contract revenue	0	0	0
Other income	0	(5,837)	(5,837)
Amortized rent	136,032	0	136,032
In-kind contributions	0	0	0
Total Revenue	136,032	(155,408)	(19,376)
EXPENSES			
Salaries/wages	0	439	439
Fringe benefits	0	0	0
Contractual	0	48,017	48,017
Travel	0	340	340
Space costs	0	38,945	38,945
Supplies/food	0	0	0
Energy and other assistance payments	0	0	0
Indirect costs	0	0	0
Other	0	(2,687)	(2,687)
Depreciation expense	0	3,534	3,534
In-kind expenses	0	0	0
Total Expenses	0	88,588	88,588
Change in Net Assets	136,032	(243,996)	(107,964)
Net assets - Beginning of the Year	(272,065)	1,777,311	1,505,246
NET ASSETS - End of the Year	(\$ 136,033)	\$ 1,533,315	\$ 1,397,282

Step Forward

Schedule B-1

Schedule of Expenditures of Federal Awards and List of Programs

Year Ended January 31, 2022

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	AL Number	Pass-Through Entity Identifying Number	Program Year	Passed Through Subrecipients	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE					
Passed through Ohio Department of Education					
(1) Child and Adult Care Food Program	10.558	IRN-077909	10/01/20-09/30/21	\$ 0	\$ 102,971
(2) Child and Adult Care Food Program	10.558	IRN-077909	10/01/21-09/30/22	0	315,923
(3) COVID-19 Child and Adult Care Food	10.558	IRN-077909	10/01/21-09/30/22	0	130,375
Total Federal Expenditures AL 10.558				0	549,269
TOTAL U.S. DEPARTMENT OF AGRICULTURE PROGRAMS				0	549,269
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					
Passed through Ohio Development Services Agency					
(4) COVID-19 Community Development Block Grant (CDBG-CV) Program	14.228	#N-D-20-7AM-1	01/01/21-02/28/22	0	1,640,738
Total Federal Expenditures AL 14.228				0	1,640,738
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT PROGRAMS				0	1,640,738
U.S. DEPARTMENT OF TREASURY					
Passed through Ohio Development Services Agency					
(5) COVID-19 Coronavirus Relief Fund - Emergency Services Fund (CRF-ESP)	21.019	#CRF-ESP 2020-16	04/01/20-12/30/21	0	1,289,916
(6) COVID-19 Home Relief Grant - CARES	21.019	#CAA-HRG 2021-16	03/13/20-12/31/21	0	11,659,985
Total Federal Expenditures AL 21.019				0	12,949,901
TOTAL U.S. DEPARTMENT OF TREASURY PROGRAMS				0	12,949,901
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Passed through Ohio Development Services Agency					
(7) HEAP Summer Crisis Program	93.568	21-HC-215	07/01/21-09/30/21	0	643,668
(8) HEAP Administrative Program	93.568	21-HA-115	09/01/20-08/31/21	0	1,302,252
(9) HEAP Administrative Program	93.568	22-HA-115	09/01/21-08/31/22	0	892,357
(10) HEAP Energy Assistance Program	93.568	21-HE-215	11/01/20-03/31/21	0	212,107
(11) HEAP Energy Assistance Program	93.568	22-HE-215	11/01/21-03/31/22	0	228,003
(12) Percentage of Income Payment Plan Plus (PIPP)	93.568	21-PA-115	01/01/21-12/31/21	0	129,559
(13) Percentage of Income Payment Plan Plus (PIPP)	93.568	22-PA-115	01/01/22-12/31/22	0	17,213
Total Federal Expenditures AL 93.568				0	3,425,159
Passed through Ohio Development Services Agency					
(14) Community Services Block Grant	93.569	2021-16	01/01/20-12/31/21	0	4,390,872
(15) Community Services Block Grant	93.569	22-2316	01/01/22-12/31/23	0	246,550
(16) COVID-19 Community Services Block Grant	93.569	#CSBG CARES 2020-16	03/27/20-09/30/22	0	3,103,229
Total Federal Expenditures AL 93.569				0	7,740,651

Step Forward

Schedule B-2

Schedule of Expenditures of Federal Awards and List of Programs

Year Ended January 31, 2022

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	AL Number	Pass-Through Entity Identifying Number	Program Year	Passed Through Subrecipients	Federal Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)					
Passed through Ohio Child Care Resource and Referral Association (OCCRRA)					
CCDF Cluster					
(17) Step Up to Quality IX	93.575	N/A	Ended in Prior Year	0	36,071
(18) COVID-19 Pandemic Support Payment	93.575	N/A	Ended in Prior Year	0	9,636
(19) COVID-19 Pandemic Support Payment 2	93.575	N/A	10/01/20-10/31/21	0	2,708
(20) COVID-19 Pandemic Support Payment 3	93.575	N/A	11/01/21-10/31/22	0	10,049
Total Federal Expenditures AL 93.575 CCDF Cluster				0	58,464
Direct Funding					
Head Start Cluster					
(21) Head Start/Early Head Start Program	93.600	05CH010828-03	02/01/21-01/31/22	0	25,121,503
(22) COVID-19 Head Start CRSSA	93.600	05HE000176-01-C5	04/01/21-03/31/23	0	704,500
(23) COVID-19 Head Start ARP	93.600	05HE000176-01-C6	04/01/21-03/31/23	0	797,386
Total Federal Expenditures AL 93.600 Head Start Cluster				0	26,623,389
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				0	37,825,270
TOTAL FEDERAL EXPENDITURES				\$ 0	\$ 52,987,571

STATE AND LOCAL PROGRAMS

Passed through Ohio Department of Education

(24) Universal Pre-Kindergarten 2.0-4	N/A	N/A	08/01/20-07/31/21
(25) Universal Pre-Kindergarten 3.0-1	N/A	N/A	08/01/21-07/31/22
(26) Ohio Head Start Program	N/A	IRN-77909-03/04	Ended in Prior Year

Passed through First Energy Company

(27) Fuel Fund 9	N/A	N/A	Ended in Prior Year
(28) Fuel Fund 10	N/A	N/A	01/01/21-12/31/21

Passed through Early Childhood

(29) Early Childhood Education VIII	N/A	N/A	07/01/20-06/30/21
(30) Early Childhood Education IX	N/A	N/A	07/01/21-06/30/22

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 - 2021	N/A	N/A	01/01/21-12/31/21
(33) First Energy Service Grant - 2022	N/A	N/A	01/01/22-12/31/22

Passed through Cleveland Foundation

(34) COVID-19 Rapid Response	N/A	N/A	Ongoing
(35) 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, 2022

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	AL Number	Pass-Through Entity Identifying Number	Program Year
STATE AND LOCAL PROGRAMS (Continued)			
Passed through Cuyahoga County Board of Health			
(36) Garden Grant	N/A	N/A	Ended in Prior Year
Passed through United Way of Greater Cleveland			
(37) United Way Services - Kindergarten Readiness (Education) - 2020-21	N/A	N/A	07/01/20-09/30/21
Passed through Starting Point			
(38) Early Care and Education Rapid Relief Fund	N/A	N/A	Ongoing
OTHER PROGRAM ACTIVITY			
(39) Grant-Funded Equipment Fund	N/A	N/A	Ongoing
(40) Direct Cost Pool	N/A	N/A	Ongoing
(41) Indirect Costs	N/A	N/A	Ongoing
(42) Eliminate Non-GAAP In Kind	N/A	N/A	Ongoing
(43) Rent Holiday	N/A	N/A	Ongoing
(44) 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, 2022. 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 Based on an Audit of Financial Statements Performed in Accordance with *Government Audit Standards*

Board of Directors
Step Forward
Cleveland, Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Step Forward (a nonprofit organization), which comprise the statement of financial position as of January 31, 2022, 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 October 31, 2022.

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

Report on 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

October 31, 2022
Madison, Wisconsin

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

Board of Directors
Step Forward
Cleveland, Ohio

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Step Forward's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement*, that could have a direct and material effect on each of Step Forward's major federal programs for the year ended January 31, 2022. 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.

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, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Step Forward's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards,

Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Step Forward's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Step Forward's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Step Forward's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Step Forward's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Wipfli LLP

Wipfli LLP

October 31, 2022
Madison, Wisconsin

Step Forward

Schedule of Findings and Questioned Costs Year Ended January 31, 2022

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:

Name of Federal Major Program or Cluster

AL No.

- **U.S. Department of Housing and Urban Development**
Community Development Block Grant Coronavirus (CDBG-CV) Program 14.228
- **U.S. Department of Treasury**
Coronavirus Relief Funds 21.019

Dollar threshold used to distinguish between Type A and Type B programs:	\$1,589,627
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