

**OREGON CHILD DEVELOPMENT
COALITION, INC. AND AFFILIATE**

FINANCIAL STATEMENTS

December 31, 2021



KERN ▲ THOMPSON
CERTIFIED PUBLIC ACCOUNTANTS

CONTENTS

	PAGE	
INDEPENDENT AUDITORS' REPORT	1 – 3	
 FINANCIAL STATEMENTS		
Consolidated Statement of Financial Position.....	4	
Consolidated Statement of Activities	5	
Consolidated Statement of Activities by Funding Source	6 – 7	
Consolidated Statement of Cash Flows.....	8	
Notes to Consolidated Financial Statements	9 – 18	
 INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>		19-20
 INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE.....		21-23
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS.....		24
 SUPPLEMENTAL INFORMATION – FEDERAL AWARDS		
Schedule of Expenditures of Federal Awards	25	
Notes to Schedule of Expenditures of Federal Awards.....	26	
 SUPPLEMENTAL INFORMATION - OTHER		
Supplemental Consolidating Statements.....	27-29	

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Oregon Child Development Coalition, Inc. and Affiliate
Wilsonville, Oregon

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Oregon Child Development Coalition, Inc. and Affiliate (nonprofit organizations), which comprise consolidated the statement of financial position as of December 31, 2021, and the related consolidated statements of activities, activities by funding source, and cash flows for the year then ended, and the related consolidated notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Oregon Child Development Coalition, Inc. and Affiliate as of December 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 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 Oregon Child Development Coalition, Inc. and Affiliate 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 the Oregon Child Development Coalition, Inc. and Affiliate'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.

To the Board of Directors
Oregon Child Development Coalition, Inc. and Affiliate

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 Oregon Child Development Coalition, Inc. and Affiliate'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 the Oregon Child Development Coalition, Inc. and Affiliate'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, as required by Title 2 U.S. Code of *Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental consolidating statements 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.

To the Board of Directors
Oregon Child Development Coalition, Inc. and Affiliate

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 21, 2022 on our consideration of the Oregon Child Development Coalition, Inc. and Affiliate'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 the Oregon Child Development Coalition, Inc. and Affiliate'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 the Oregon Child Development Coalition, Inc. and Affiliate's internal control over financial reporting and compliance.

Kern & Thompson, LLC

Portland, Oregon
September 21, 2022

OCDC and Affiliate
Consolidated Statement of Financial Position
December 31, 2021

Assets

Current Assets	
Cash and Cash Equivalents	\$ 2,391,564
Investments	191,291
Receivables	2,573,086
Prepaid Expenses and Other Assets	748,009
Total Current Assets	<u>5,903,950</u>
Deposits	35,912
Property and Equipment, Net	<u>24,545,862</u>
Total Assets	<u><u>\$ 30,485,724</u></u>

Liabilities and Net Assets

Liabilities	
Accounts Payable	\$ 1,329,233
Accrued Liabilities	2,913,918
Current Portion Of Long-term Debt	437,847
Total Current Liabilities	<u>4,680,998</u>
Refundable Advances	3,460,550
Deferred Lease and Lease Incentive	1,189,190
Long-term Debt, Net of Current Portion	6,624,011
Total Liabilities	<u>15,954,749</u>
Net Assets	
Without Donor Restrictions	2,616,786
Without Donor Restrictions - Subject To Contractual Limitations	11,914,189
Total Net Assets, All Without Donor Restrictions	<u>14,530,975</u>
Total Liabilities and Net Assets	<u><u>\$ 30,485,724</u></u>

OCDC and Affiliate
Consolidated Statement of Activities
Year Ended December 31, 2021

Revenues

Grant and Contract Revenue:	
U.S. Department of Health and Human Services	\$ 50,598,116
Donated Goods and Professional Services - for DHHS Programs	537,817
U.S.D.A. - Food & Nutrition Services	2,695,188
State of Oregon - Department of Education - OPK	11,005,979
State of Oregon - Early Learning Hub - Preschool Promise	2,180,355
State of Oregon - Oregon Health Authority - MIECHV	458,361
Other Grant and Contracts	1,362,675
Total Grant And Contract Revenue	<u>68,838,491</u>
Investment loss	(8,402)
Other Non-governmental	<u>9,210</u>
Total Revenues	68,839,299

Expenses

Program Services:	
U.S. Department of Health and Human Services	\$ 51,175,779
USDA - Food and Nutrition Services	2,684,575
State of Oregon - Department of Education - OPK	11,044,597
State of Oregon - Early Learning Hub - Preschool Promise	2,183,103
State of Oregon - Oregon Health Authority - MIECHV	458,361
Other Grant and Contracts	1,230,125
Total Program Services:	<u>68,776,540</u>
Other Non-governmental	<u>257,652</u>
Total Expenses	<u>69,034,192</u>
Change In Net Assets, All Without Donor Restrictions	(194,893)
Net Assets, Beginning of Year	<u>14,725,868</u>
Net Assets, End of Year	<u><u>\$ 14,530,975</u></u>

OCDC and Affiliate
Consolidated Statement of Activities by Funding Source
Year Ended December 31, 2021

	DHHS HEAD START PROGRAM BRANCH	USDA FOOD AND NUTRITION SERVICES	STATE OF OREGON - DEPT OF EDUCATION OPK	STATE OF OREGON-EARLY LEARNING HUB PRESCHOOL PROMISE	STATE OF OREGON-OR HEALTH AUTHORITY MIECHV	OTHER GRANTS AND CONTRACTS	OTHER NON- GOVERNMENTAL	TOTAL
REVENUES AND GAINS								
Grant and contract revenues	\$ 50,236,617	\$ 2,695,188	\$ 10,967,594	\$ 2,171,612	\$ 454,943	\$ 912,019	\$ -	\$ 67,437,973
Donated services	5,718,527	-	-	-	-	-	-	5,718,527
Other Nongovernmental	-	-	-	-	-	98	808	906
Total revenues and gains	55,955,144	2,695,188	10,967,594	2,171,612	454,943	912,117	808	73,157,406
Less Adjustments (Note 1):								
In-kind Contributions - State of Oregon Department of Education and Early Learning Hub	(5,180,710)	-	-	-	-	-	-	(5,180,710)
Net change in encumbrances	361,499	-	38,385	8,743	3,418	450,558	-	862,603
Total Adjusted Revenues and Gains in Accordance with Accounting Generally Accepted in the United States of America	51,135,933	2,695,188	11,005,979	2,180,355	458,361	1,362,675	808	68,839,299
EXPENSES								
Subcontractor and other contracted service payments								
Food and nutrition services	562	2,073,232	3	-	-	457	-	2,074,254
Other contracted services	3,970,362	-	312,909	37,110	9,151	19,042	1,045	4,349,619
Total subcontractor and other contracted service payments	3,970,924	2,073,232	312,912	37,110	9,151	19,499	1,045	6,423,873

OCDC and Affiliate
Consolidated Statement of Activities by Funding Source
Year Ended December 31, 2021

	DHHS HEAD START PROGRAM BRANCH	USDA FOOD AND NUTRITION SERVICES	STATE OF OREGON - DEPT OF EDUCATION OPK	STATE OF OREGON-EARLY LEARNING HUB PRESCHOOL PROMISE	STATE OF OREGON-OR HEALTH AUTHORITY MIECHV	OTHER GRANTS AND CONTRACTS	OTHER NON- GOVERNMENTAL	TOTAL
Administrative and program expenses:								
Salaries and benefits	\$ 41,495,495	\$ 459,588	\$ 8,840,308	\$ 1,864,004	\$ 231,576	\$ 342,527	\$ 1,675	\$ 53,235,173
Building and equipment expense	918,700	-	4,292	1,040	24,148	271	-	948,451
Repairs and maintenance	2,526,923	9,122	290,258	48,015	7,526	10,926	4,905	2,897,675
Supplies	1,258,507	29,186	521,638	77,666	146,577	452,050	65	2,485,689
Rent	1,829,779	11,710	264,343	41,009	5,890	2,384	22	2,155,137
Travel	373,519	2,736	38,846	6,934	1,212	8,073	3,842	435,162
Telephone and utilities	1,489,769	6,083	224,975	36,368	11,770	4,710	1,256	1,774,931
Training	200,121	1,047	43,461	12,340	7,902	9,251	-	274,122
Parent activities and involvement	35,789	-	4,835	1,508	186	13,702	-	56,020
Adult food costs	143,989	-	47,281	6,322	-	5,910	-	203,502
Insurance	611,569	862	89,460	10,464	2,308	3,572	1,256	719,491
Printing and promotion	275,878	2,693	47,440	9,090	1,957	4,611	-	341,669
Professional	140,739	-	19,521	4,733	855	1,234	2,700	169,782
Depreciation	533,979	-	188,576	10,943	2,472	137	-	736,107
Postage	36,342	3,550	5,434	1,452	189	672	-	47,639
Interest and other	114,961	84,766	24,037	2,576	1,224	2,554	240,886	471,004
Total administrative and program expenses	\$ 51,986,059	611,343	10,654,705	2,134,464	445,792	862,584	256,607	66,951,554
Less Adjustments (Note 1):								
In-kind Contributions - State of Oregon Department of Education and Early Learning Hub	(5,180,710)	-	-	-	-	-	-	(5,180,710)
Net change in encumbrances	361,499	-	38,385	8,743	3,418	450,558	-	862,603
Subtotal expenses	51,137,772	2,684,575	11,006,002	2,180,317	458,361	1,332,641	257,652	69,057,320
Change in net assets as reported to cognizant agencies	(1,839)	10,613	(23)	38	-	30,034	(256,844)	(218,021)
Purchases of property and equipment included in building and equipment and repairs and maintenance	(2,065,321)	-	(9,139)	(2,618)	-	(128,263)	-	(2,205,341)
Warehouse consumable supplies included in supplies	115,626	-	-	-	-	-	-	115,626
Depreciation of property and equipment	1,987,702	-	47,734	5,404	-	25,747	-	2,066,587
Total Adjusted Expenses in Accordance with Accounting Principles Generally Accepted in the United States of America	51,175,779	2,684,575	11,044,597	2,183,103	458,361	1,230,125	257,652	69,034,192
Change in Net Assets, All Without Donor Restrictions	\$ (39,846)	\$ 10,613	\$ (38,618)	\$ (2,748)	\$ -	\$ 132,550	\$ (256,844)	\$ (194,893)

OCDC and Affiliate
Consolidated Statement of Cash Flows
Year Ended December 31, 2021

Cash Flows From Operating Activities	
Change in net assets	\$ (194,893)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	2,802,694
Loss from disposal of property and equipment	6,129
Unrealized loss on investments	8,609
Changes in assets and liabilities:	
(Increase) decrease in:	
Receivables	(141,292)
Prepaid expenses and other assets	(120,301)
Increase (decrease) in:	
Accounts payable	(173,315)
Accrued liabilities	371,949
Refundable advances	(287,916)
Deferred lease and lease incentive	1,087,066
Net cash provided by operating activities	3,358,730
Cash Flows From Investing Activities	
Purchase of property and equipment	(5,085,845)
Net cash used in investing activities	(5,085,845)
Cash Flows From Financing Activities	
Proceeds from mortgages and notes payable	1,300,000
Principal payments on mortgages and notes payable	(406,731)
Net cash provided by financing activities	893,269
Net increase in cash and cash equivalents	(833,846)
Cash And Cash Equivalents	
Beginning of Year	3,225,410
End of Year	\$ 2,391,564
Supplemental Disclosure of Cash Flow Information	
Other Cash activities:	
Mortgages and notes payable interest paid and expensed	\$ 196,636

OCDC and Affiliate

Year Ended December 31, 2021

Notes to Consolidated Financial Statements

Note 1 – Nature of Activities and Significant Accounting Policies

OCDC and Affiliate is comprised of two entities: Oregon Child Development Coalition, Inc. (the Coalition), and OCDC QALICB. The Coalition, a private not-for-profit corporation founded in 1971, has evolved into the largest child development and childcare network in the state of Oregon. In the accompanying notes to the consolidated financial statements, OCDC and Affiliate are collectively referred to as OCDC.

The Coalition provides a program of family focused comprehensive child development services for children up to six years old. Services are provided through a comprehensive approach to collaboration and partnership with a variety of private and public organizations in the many communities the Coalition serves throughout Oregon.

The Coalition is funded primarily by the of U.S. Department of Health and Human Services, Administration for Children and Families, Office of Head Start, Migrant and Seasonal Program Region XII to operate Head Start and Early Head Start programs in Oregon.

Other sources of funding received by the Coalition include:

- ◆ Region X Early Head Start – Child Care Partnerships to share trainings and technical assistance with existing child care providers to elevate the quality of childcare for infants and toddlers to meet the same high standards as Early Head Start classrooms in nine Oregon Counties;
- ◆ The Oregon Department of Education Early Learning Division to operate Oregon Pre-kindergarten. Oregon modeled Oregon Pre-kindergarten (OPK) after Head Start to expand high-quality early learning opportunities for lowest income and highest need preschool children. OPK is free to families from the period of prenatal to five years old and not yet eligible for kindergarten, and who meet income or other eligibility qualifications;
- ◆ The U.S. Department of Agriculture to provide meals to children participating in Coalition programs;
- ◆ The Oregon Department of Education, Early Learning Division, Early Learning Hub to operate Preschool Promise. Preschool Promise (PSP) is a model for a publicly-funded, high-quality preschool system, which leverages high-quality, local and culturally-relevant early child care and education programs that makes them available to children living at or below 200 percent of the federal poverty level, children in foster care and children from other historically underserved populations. By incorporating a mixed delivery approach which recognizes that high quality early learning experiences can take place in a wide variety of settings, PSP provides opportunities for families to access and choose the preschool setting which best meets their needs;
- ◆ Miscellaneous grants from various federal, state, local and private sources to provide services to children and families.

On October 4, 2012, the Coalition entered into a transaction structured to qualify for the New Markets Tax Credit (NMTC), as outlined in Internal Revenue Code (IRC) Section 45D. As part of the transaction, the Coalition formed OCDC QALICB, Inc. a Qualified Active Low-Income Community Business (QALICB), to meet the necessary structuring requirements to qualify for the New Markets Tax Credit. QALICB is a non-profit corporation formed under the laws of the State of Oregon.

OCDC and Affiliate

Year Ended December 31, 2021

Notes to Consolidated Financial Statements

Note 1 – Nature of Activities and Significant Accounting Policies (Continued)

QALICB was established to fund the development and renovation of the property located at 1635, 1657, 1665 and 1679 S.E. Enterprise Circle in Hillsboro, Oregon (the "Enterprise Property") to provide Migrant Head Start, Seasonal Head Start, and Oregon Prekindergarten educational services and related services including a transportation division.

Basis of accounting – The accompanying consolidated financial statements are presented in accordance with the accrual basis of accounting, whereby, revenue is recognized when earned and expenses are recognized when incurred.

Principles of consolidation – The accompanying consolidated financial statements include the accounts of the Coalition, and OCDC QALICB. All significant intercompany balances and transactions have been eliminated in the consolidation.

Financial Statement Presentation

OCDC reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Accordingly, the net assets of the OCDC and changes therein are classified and reported as follows:

- **Net Assets Without Donor Restrictions** – Net assets that are not subject to donor-imposed stipulations. The Board of Directors may designate net assets without donor restrictions for specific purposes.
- **Net Assets Without Donor Restrictions – subject to contractual limitations** – Certain net assets are classified as subject to contractual limitations. These amounts represent unrestricted net assets purchased with Federal funds and are subject to reimbursement to the Federal awarding agency in the event of disposition.
- **Net Assets With Donor Restrictions** – Net assets subject to donor-imposed stipulations that will be met either by actions of the OCDC and/or the passage of time, or net assets with donor restrictions that are not subject to appropriation or expenditure. There were no net assets with donor restrictions at December 31, 2021 or 2020.

OCDC and Affiliate

Year Ended December 31, 2021

Notes to Consolidated Financial Statements

Note 1 – Nature of Activities and Significant Accounting Policies (Continued)

Expenses are reported as a decrease in net assets without donor restrictions. Gains and losses are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expiration of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

Contributions

Contributions are recognized when the donor makes a promise to give to the OCDC that is, in substance, unconditional. Contributions with donor restrictions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. Otherwise, when a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. Contributions received with both donor-imposed conditions and restrictions that are met in the same reporting period are reported as support without donor restrictions and increase net assets without donor restrictions.

Conditional Promises to Give

A portion of OCDC's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when OCDC has incurred expenditures in compliance with specific contract or grant provisions and has met the performance requirements. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. OCDC has cost-reimbursable grants of \$14,287,715 that have not been recognized at December 31, 2021 because qualifying expenditures have not yet been incurred.

Use of estimates – The preparation of the consolidated financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash equivalents – Cash equivalents are generally all short-term investments with a maturity of three months or less.

Grants receivables – Receivables consist primarily of uncollateralized contributions from government grants and are considered by management to be fully collectible. Accordingly, no allowance for doubtful accounts is considered necessary as nearly all are due from federal, state, county and local government agencies.

OCDC and Affiliate
Year Ended December 31, 2021
Notes to Consolidated Financial Statements

Note 1 – Nature of Activities and Significant Accounting Policies (Continued)

Fair value measurement – the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date – is used by the Coalition on certain assets. For its investments, the Coalition obtains quoted prices in active markets using the market approach to valuation.

Description	Carrying Amount at Year Ended 12/31/2021	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>Assets Measured at Fair Value on a Recurring Basis</u>				
Putnam Mortgage Securities Fund	\$ 191,291	\$ 191,291	\$ -	\$ -

Property and equipment – Property and equipment are stated at cost or, for donated items, estimated value at the date of donation. Property and equipment purchased with federal awards are reported as net assets without donor restrictions, subject to contractual limitations. Should federal funding related to the acquisition of such assets be discontinued, these assets may revert to the federal funding agency. Limitations on such assets are released over the estimated useful life of the assets, which range from 5 to 30 years. Depreciation on property and equipment is calculated using the straight-line method. New equipment and expenditures for repairs and improvements which extend the useful life of an asset exceeding \$5,000 are capitalized; conversely, expenditures for routine repairs and maintenance costs are expensed when incurred. Property and equipment are depreciated over the useful lives of the related assets, which range from 15 to 30 years, using the straight-line method.

Donated goods and professional services – A substantial number of volunteers donate significant amounts of their time to the Coalition’s program services. Additionally, various vendors provide support by discounting their fees and charges to the Coalition. These donated services and fees are a necessary part of the Coalition’s activities and have been reported as revenue without donor restrictions to the extent that the donated materials and services create or enhance non-financial assets or require specialized skills typically purchased if not originally provided through donation. State of Oregon Department of Education Head Start and Early Learning Hub in-kind contributions totaling \$5,180,710 have been allocated to the various expense classifications below. These contributions do not meet the criteria for recognition under FASB ASC 958-605, *Revenue Recognition*, and are removed from total revenues and expenses in the accompanying statement of activities and funding source and schedule of functional expenses (Note 9).

OCDC and Affiliate
Year Ended December 31, 2021
Notes to Consolidated Financial Statements

Note 1 – Nature of Activities and Significant Accounting Policies (Continued)

Donated goods and professional services (Continued)

Donated materials and services for the year ended December 31, 2021, were as follows:

	State of Oregon		
	Department of Education and Early Learning Hub	Other	Total
Salary and Fringe	\$ 3,860,466	\$ 15,215	\$ 3,875,681
Rent	\$ 369,859	\$ 232,840	\$ 602,699
Telephone and Utilities	\$ 225,421	\$ -	\$ 225,421
Equipment and Supplies	\$ 180,023	\$ 47,663	\$ 227,686
Professional Services	\$ 189,006	\$ 242,099	\$ 431,105
Building Repair and Maintenance	\$ 256,374	\$ -	\$ 256,374
Travel	\$ 67,300	\$ -	\$ 67,300
Training	\$ 32,261	\$ -	\$ 32,261
Total Donated Goods and Professional Services	\$ 5,180,710	\$ 537,817	\$ 5,718,527

Functional Allocation of Expenses – The costs of providing the programs and supporting services have been summarized in Note 9. Directly identifiable expenses are charged to programs and supporting services when incurred. Certain costs, including office expense, occupancy, leases and utilities have been allocated among the programs and supporting services benefited based primarily on estimates of time and effort, square-footage usage estimates, and contact hours and program slots.

Encumbrances – Encumbrances represent commitments by the Coalition for the purchase of goods and services that do not yet meet the definition of a liability in accordance with GAAP. Accordingly, these and associated grant revenues encumbered are removed from the financial statement amounts to fairly present the financial statements in accordance with GAAP.

Income taxes – the Coalition is a qualified charitable corporation under provisions of the Internal Revenue Code Section 501(c)(3) and is, therefore, exempt from federal and state taxation and has been classified as an organization that is not a private foundation under Section 509(a)(2). If applicable, any unrelated business taxable income reportable on IRS Form 990-T will be offset by a net operating loss carry forward in the amount of \$29,257 that is valid through 2023. QALICB is a State of Oregon non-profit corporation and has received tax-exempt status under Section 501(c)(3) of the IRC.

OCDC and Affiliate
Year Ended December 31, 2021
Notes to Consolidated Financial Statements

Note 2 – Property and Equipment

Property and equipment is as follows:

Land	\$	3,948,940
Buildings	\$	46,947,643
Equipment	\$	10,203,251
Leasehold improvements	\$	2,716,497
Land improvements	\$	<u>213,092</u>
Total property and equipment	\$	64,029,423
Less accumulated depreciation	\$	<u>39,517,665</u>
	\$	24,511,758
Construction in progress	\$	<u>34,104</u>
Property and equipment, net	\$	<u><u>24,545,862</u></u>

Depreciation expense was \$2,802,694 for the year ended December 31, 2021.

Note 3 – Operating Leases

The Coalition has entered into operating lease agreements for its administrative office, several child care facilities, and office equipment. The office and facility leases extend for various periods up to 20 years including renewals, while the office equipment leases expire in 1 to 3 years. Future minimum lease payments are as follows:

Years ending December 31,	2021	\$	1,308,177
	2022	\$	1,126,517
	2023	\$	1,023,805
	2024	\$	848,781
	2025	\$	684,108
	Thereafter	\$	<u>2,681,469</u>
		\$	<u><u>7,672,857</u></u>

Rent expense for the year ended December 31, 2021, was \$1,552,437.

OCDC and Affiliate
Year Ended December 31, 2021
Notes to Consolidated Financial Statements

Note 3 – Operating Leases (Continued)

Deferred lease and lease incentive – On August 16, 2019, the Coalition renewed an operating lease agreement with its administrative office landlord at the current location, 9140 SW Pioneer Court, Wilsonville, Oregon. \$174,163 represents the cumulative adjustment made to present the lease payments on a straight line basis in accordance with GAAP.

The 30,000 square foot facility lease also contains a tenant improvement lease incentive allowance of \$1,131,030. This is recorded as deferred lease incentive and is amortized over the lease term ending in 2030. The unamortized deferred lease incentive balance for the year ended December 31, 2021 is 1,015,027.

Note 4 – Long-term Debt

Notes payable to US Bank maturing in 2026 contain restrictive financial covenants related to fixed charges.

Notes payable:

The Coalition:

Note payable #323 US Bank, 3.40% interest rate, secured by real property, due July 15, 2026, payable in monthly installments of \$36,238 including interest.	\$	4,317,783
Note payable #349 US Bank, 3.40% interest rate, secured by real property, due July 15, 2026, payable in monthly installments of \$19,962 including interest.		2,744,075
	Total notes payable	<u><u>\$7,061,858</u></u>

Years ending December 31,	2022	\$	437,847
	2023		453,181
	2024		468,462
	2025		485,459
	2026		<u>5,216,908</u>
		<u>\$</u>	<u><u>7,061,857</u></u>

Note 5 – Line of Credit

The Coalition has an \$800,000 revolving secured line of credit in connection with a real property transaction in Ontario, Oregon. The line bears interest at the US Bank Prime Rate plus 0.5%, with a 4% floor. The termination date is January 15, 2023. There were no amounts outstanding as of December 31, 2021 or the report date.

OCDC and Affiliate

Year Ended December 31, 2021

Notes to Consolidated Financial Statements

Note 6 – Contingencies

Grant receipts from funding agencies and related expenditures may be audited by federal and state government representatives to determine if the monies are expended in accordance with the appropriate statutes, grant terms, and regulations. Management believes the Coalition has been in compliance with all grant requirements and that any expenditure which may be disallowed would be immaterial in the event that an audit by federal or state representatives is conducted.

Other claims arising in the normal course of operations have been filed against OCDC. Certain claims are covered by insurance and have been tendered to OCDC's public liability insurer. In management's opinion, these claims will not result in material losses to OCDC.

Note 7 – Employee Benefit Plan

The Coalition has established an elective deferred compensation plan pursuant to Section 401(k) of the Internal Revenue Code. In 2007 the Plan was changed to a Safe Harbor Plan. All employees of the Coalition are eligible to join the plan and participate in the elective deferral contributions upon date of employment. To be eligible for Employer Matching and Discretionary Contributions employees must complete one year of service. Employees electing to participate may contribute up to their total salary, though not to exceed the maximum allowed by government regulations. The Coalition, at its discretion, contributes five percent of each employee's annual plan compensation and has a mandatory match on participants' elective deferral up to five percent of eligible annual plan compensation of each participant. All contributions are immediately 100 percent vested. The Coalition contributed \$3,180,962 to the plan for the year ending December 31, 2021.

Note 8 – Concentrations and Uncertainties

Uninsured Cash Risk – All of a depositor's accounts at an insured depository institution, including all noninterest-bearing transaction accounts, are insured by the Federal Deposit Insurance Corporation (FDIC) up to the standard maximum deposit insurance amount (\$250,000), for each deposit insurance ownership category. The Coalition maintains its cash and sweep investment accounts with one FDIC-insured bank located in Portland, Oregon. Deposits to these accounts exceed the limits of depository insurance. However, the Coalition considers such deposits as made with a highly-rated financial institution that has not historically incurred any significant credit-related losses.

Revenues – The majority of the Coalition's revenues comes from grants from the Department of Health and Human Services. The grants are renewed on an annual basis.

Uncertainty – Beginning in March 2020, an outbreak of a coronavirus necessitated that many employees work from home and provided for social distancing measure. The effects of these events may continue for some time, including disruptions to or restrictions on employees' ability to work and on the ability of funders and members to fully participate in programs and continue their current level of financial support. At the present time, the ultimate future effects of these issues are unknown.

OCDC and Affiliate
Year Ended December 31, 2021
Notes to Consolidated Financial Statements

Note 9 - Functional Expenses

EXPENSES	TOTAL	Child		
		Development Services Program	Management & General	Fundraising
Subcontractors for food and nutrition services	\$ 2,074,254	\$ 2,074,254	\$ -	\$ -
Other contracted services	4,349,619	3,063,018	1,286,073	528
Salaries and benefits	53,235,173	48,457,129	4,367,022	411,022
Building and equipment expense	948,451	912,900	35,551	-
Repairs and maintenance	2,897,675	2,605,278	292,009	388
Supplies	2,485,689	2,388,340	96,231	1,118
Rent	2,155,137	1,842,647	308,704	3,786
Travel	435,162	391,396	40,300	3,466
Telephone and utilities	1,774,931	1,694,764	78,879	1,288
Training	274,122	273,958	164	-
Parent activities and involvement	56,020	55,279	741	-
Adult food costs	203,502	203,502	-	-
Insurance	719,491	699,288	19,974	230
Printing and promotion	341,669	243,087	98,454	128
Professional	169,782	5,376	164,406	-
Depreciation	736,107	718,157	17,732	217
Postage	47,639	17,361	30,246	32
Interest and other	471,004	160,019	310,838	146
Less adjustments:				
Contributions - State of Oregon Department of Education and Early Learning Hub In-kind	(5,180,710)	(4,297,184)	(883,526)	-
Net change in encumbrances	862,603	862,603	-	-
Purchases of property and equipment included in building and equipment and repairs and maintenance	(2,205,341)	(2,108,541)	(96,800)	-
Warehouse consumable supplies included in supplies	115,626	115,626	-	-
Depreciation of property and equipment	2,066,587	2,066,587	-	-
Total Adjusted Functional Expenses in Accordance with Accounting Principles Generally Accepted in the United States of America	<u>\$ 69,034,192</u>	<u>\$ 62,444,845</u>	<u>\$ 6,166,998</u>	<u>\$ 422,349</u>

OCDC and Affiliate
Year Ended December 31, 2021
Notes to Consolidated Financial Statements

Note 10 – Liquidity

The following represents OCDC's financial assets available to meet cash needs for general expenditures within one year of December 31, 2021:

Financial assets at year-end*		
Cash and cash equivalents	\$	2,391,564
Receivables		2,573,086
Investments		<u>191,291</u>
Total financial assets		<u>5,155,941</u>
Financial assets available to meet cash needs for general expenditures within one year	\$	<u><u>5,155,941</u></u>

* Total assets, less nonfinancial assets (e.g. property and equipment, prepaid expenses)

As part of its liquidity management, the OCDC policy is to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. In addition, the OCDC invests cash in excess of current requirements in short-term investments.

Note 11 – Subsequent Events

The Coalition has evaluated contingencies according to FSB ASC 450-20 for subsequent events as of September 21, 2022, which is the date the financial statements were available to be issued. As such, only uncertainties about whether a liability has been incurred or reduced or an asset acquired or impaired give rise to contingencies. There are no known events that have occurred which will materially affect and require recognition in the financial statements for the period ended December 31, 2021.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
Oregon Child Development Coalition, Inc. and Affiliate
Wilsonville, Oregon

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 Oregon Child Development Coalition, Inc. and Affiliate (a nonprofit organizations), which comprise the consolidated statement of financial position as of December 31, 2021, and the related consolidated statements of activities, activities by funding source and cash flows for the year then ended, and the related consolidated notes to the financial statements, and have issued our report thereon dated September 21, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Oregon Child Development Coalition, Inc. and Affiliate'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 Oregon Child Development Coalition, Inc. and Affiliate's internal control. Accordingly, we do not express an opinion on the effectiveness of the Oregon Child Development Coalition, Inc. and Affiliate's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Oregon Child Development Coalition, Inc. and Affiliate'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*.

To the Board of Directors
Oregon Child Development Coalition, Inc. and Affiliate

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 organizations' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organizations' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kim Thompson, LLC

Portland, Oregon
September 21, 2022

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

To the Board of Directors
Oregon Child Development Coalition, Inc.
Wilsonville, Oregon

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Oregon Child Development Coalition, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of Oregon Child Development Coalition, Inc.'s major federal programs for the year ended December 31, 2021. Oregon Child Development Coalition, Inc.'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, Oregon Child Development Coalition, Inc. 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 December 31, 2021.

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; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Oregon Child Development Coalition, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Oregon Child Development Coalition, Inc. 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 Oregon Child Development Coalition, Inc. 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 Oregon Child Development Coalition, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists.

To the Board of Directors
Oregon Child Development Coalition, Inc.

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 Oregon Child Development Coalition, Inc.'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 Oregon Child Development Coalition, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Oregon Child Development Coalition, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Oregon Child Development Coalition, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a 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.

To the Board of Directors
Oregon Child Development Coalition, Inc.

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.

Kim Thompson, LLC

Portland, Oregon
September 21, 2022

OREGON CHILD DEVELOPMENT COALITION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2021

Section 1 – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued – **Unmodified**
2. Significant deficiencies identified during the audit of the financial statements – **None reported**
3. Material weaknesses identified during the audit of the financial statements – **None**
4. Noncompliance that is material to the financial statements noted – **None**

Federal Awards

5. Significant deficiencies in internal control over major programs – **None reported**
6. Material weaknesses in internal control over major programs – **None**
7. The type of auditors’ report issued on compliance for major programs – **Unmodified**
8. Audit findings disclosed that are required to be reported in accordance with the 2 CFR Part 200.516(a) – **None**

Identification of Major Programs

- Head Start Cluster - AL No. 93.600
9. Dollar threshold used to distinguish between Type A and Type B programs – **\$1,613,169.**
 10. The auditee qualified as a low-risk auditee under the Uniform Guidance.

Section 2 – Financial Statement Findings

1. Findings relating to the financial statements reported in accordance with *Government Auditing Standards* – **None**

Section 3 – Federal Award Findings and Questioned Costs

2. Findings and questioned costs relating to federal awards – **None**

SUPPLEMENTAL INFORMATION – FEDERAL AWARDS

Oregon Child Development Coalition, Inc.
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2021

Federal Grantor/Pass-Through Grantor Program Title	AL Number	Grant Number	Federal Expenditures
U.S. Department of Health and Human Services:			
Administration for Children and Families, Office of Head Start :			
Direct award			
COVID-19 Migrant Head Start and Early Head Start 2020-2021	93.600	90CM9810/06C3	\$ 194,619
Migrant/Seasonal Head Start: 01/01/2021-07/09/2021	93.600	90CM009859/01	16,932,452
Migrant Early Head Start: 01/01/2021-07/09/2021	93.600	90CM009859/01	3,833,775
Migrant/Seasonal Head Start: 07/01/2021-12/31/2021	93.600	90CM009860/01	16,314,641
Migrant Early Head Start: 07/01/2021-12/31/2021	93.600	90CM009860/01	3,749,367
Migrant Early Head Start RXII 2018-2021	93.600	90HM0006/04	868,720
Migrant Early Head Start RXII 2020-2021	93.600	90HM000018/02	3,059,961
Migrant Early Head Start RXII 2021-2022	93.600	90HM000018/03	1,897,911
Migrant Early Head Start RXII 2021-2023 CRRSA	93.600	90HN0002601C5	155,101
Migrant Early Head Start RXII 2021-2023 ARP	93.600	90HN0002601C6	96,165
Early Head Start Child Care Partnership RX 2020-2021	93.600	10HP000343/02	2,166,566
COVID-19 Early Head Start Child Care Partnership	93.600	10HP000343/02C3	27,380
Early Head Start Child Care Partnership RX 2021-2022	93.600	10HP000343/03	925,802
Early Head Start Child Care Partnership RX 2021-2023 CRRSA	93.600	10HE00046901C5	9,600
Early Head Start Child Care Partnership RX 2021-2023 ARP	93.600	10HE00046901C6	4,557
Subtotal - Head Start Cluster			50,236,617
Pass-through from State of Oregon - Public Health Division			
Maternal, Infant and Early Childhood Home Visiting 2020-2021	93.870	166285	382,235
Maternal, Infant and Early Childhood Home Visiting 2021-2022	93.870	166285-1	72,707
Subtotal - Maternal, Infant and Early Childhood Home Visiting			454,942
Public Health Service, Centers for Disease Control and Prevention			
Pass-through from State of Oregon - Public Health Division Oregon Health Authority			
COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases CBO Response Grant 2021	93.323	168258	217,616
Subtotal - Centers for Disease Control and Prevention			217,616
Total U.S. Department of Health and Human Services			50,909,175
U.S. Department of Education:			
Pass-through from Klamath/Jefferson/Jackson County School Districts, Oregon			
Migrant Education Programs:			
High Desert ESD	84.011	10-061	19,228
Southern Oregon ESD	84.011	20-080	29,290
Subtotal - Migrant Education			48,518
Total U.S. Department of Education			48,518
U.S. Department of Agriculture:			
Pass-through from State of Oregon Department of Education:			
Family Day Care Homes Program	10.558	03-15001	1,578,281
Child and Adult Care Food Program	10.558	03-15004	1,103,664
Subtotal Child and Adult Care Food Program			2,681,945
Total U.S. Department of Agriculture			2,681,945
U.S. Department of the Treasury:			
Pass-through from State of Oregon - Public Health Division Oregon Health Authority			
COVID-19 Coronavirus Relief Fund CBO Response Grant 2020	21.019	165726	132,646
Total U.S. Department of the Treasury			132,646
Total Expenditures of Federal Awards			\$ 53,772,284

OREGON CHILD DEVELOPMENT COALITION, INC.
Year Ended December 31, 2021
Notes to Schedule of Expenditures of Federal Awards

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Oregon Child Development Coalition, Inc. and is presented on the accrual basis of accounting, consistent with generally accepted accounting principles.

The information in this schedule is presented in accordance with the requirements of Title 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2 – Indirect Cost Rate

The Coalition is not using the 10% de minimis indirect cost rate under the Uniform Guidance.

Note 3 – Matching Requirement

The Coalition meets the 10% in-kind matching requirements by the Department of Health and Human Services Migrant Head Start Program, through inclusion of resources relating to the State of Oregon Department of Education Head Start Program. While these contributions are not considered to be in accordance with generally accepted accounting principles (GAAP), management asserts they have been allowable by the granting agency.

Note 4 – SAM.gov Assistance Listings

Federal award program titles are reported as presented in SAM.gov Assistance Listings (AL). Federal Award program titles not presented in SAM.gov are identified by Federal Agency number followed by (.xxx).

Note 4 – Major and Nonmajor Federal Financial Assistance Programs

Federal financial assistance programs with identical assistance (AL) numbers are combined in determining whether the programs are major or nonmajor. Type A federal assistance programs are those with combined expenditures of \$1,613,169 or more during a fiscal year. Type B federal financial assistance programs are those with combined expenditures of less than \$1,613,169 during a fiscal year.

SUPPLEMENTAL INFORMATION – OTHER

Supplemental Disclosure of Consolidation Information
OCDC and Affiliate
Consolidating Statement of Financial Position
Year Ended December 31, 2021

Assets	OCDC, Inc.	OCDC QALICB	Eliminations	Consolidated
Current Assets				
Cash and Cash Equivalents	\$ 2,386,603	\$ 4,961	\$ -	\$ 2,391,564
Investments	191,291	-	-	191,291
Receivables	2,573,086	-	-	2,573,086
Prepaid Expenses and Other Assets	748,009	-	-	748,009
Total Current Assets	<u>5,898,989</u>	<u>4,961</u>	<u>-</u>	<u>5,903,950</u>
Deposits	35,912	-	-	35,912
Property and Equipment, Net	<u>24,545,862</u>	<u>-</u>	<u>-</u>	<u>24,545,862</u>
Total Assets	<u>\$ 30,480,763</u>	<u>\$ 4,961</u>	<u>\$ -</u>	<u>\$ 30,485,724</u>
Liabilities and Net Assets				
Liabilities				
Accounts Payable	\$ 1,329,233	\$ -	\$ -	\$ 1,329,233
Accrued Liabilities	2,913,918	-	-	2,913,918
Current Portion Of Long-term Debt	437,847	-	-	437,847
Total Current Liabilities	<u>4,680,998</u>	<u>-</u>	<u>-</u>	<u>4,680,998</u>
Refundable Advances	3,460,550	-	-	3,460,550
Deferred Lease and Lease Incentive	1,189,190	-	-	1,189,190
Long-term Debt, net of Current Portion	6,624,011	-	-	6,624,011
Total Liabilities	<u>15,954,749</u>	<u>-</u>	<u>-</u>	<u>15,954,749</u>
Net Assets				
Without Donor Restrictions	2,611,825	4,961	-	2,616,786
Without Donor Restrictions - Subject To Contractual Limitations	11,914,189	-	-	11,914,189
Total Net Assets, All Without Donor Restrictions	<u>14,526,014</u>	<u>4,961</u>	<u>-</u>	<u>14,530,975</u>
Total Liabilities and Net Assets	<u>\$ 30,480,763</u>	<u>\$ 4,961</u>	<u>\$ -</u>	<u>\$ 30,485,724</u>

See accompanying notes to consolidated financial statements and accompanying auditor's report.

Supplemental Disclosure of Consolidation Information
OCDC and Affiliate
Consolidating Statement of Activities
Year Ended December 31, 2021

Revenues and Gains	OCDC, Inc.	OCDC QALICB	Eliminations	Consolidated
Grant and Contract Revenue:				
U.S. Department of Health and Human Services	\$ 50,598,116	\$ -	\$ -	\$ 50,598,116
Donated Goods and Professional Services - DHHS	537,817	-	-	537,817
U.S.D.A. - Food & Nutrition Services	2,695,188	-	-	2,695,188
State of Oregon - Department of Education - OPK	11,005,979	-	-	11,005,979
State of Oregon - Early Learning Hub - Preschool Promise	2,180,355	-	-	2,180,355
State of Oregon - Oregon Health Authority - MIECHV	458,361	-	-	458,361
Other Grant and Contracts	<u>1,362,675</u>	<u>-</u>	<u>-</u>	<u>1,362,675</u>
Total Grant and Contract Revenue	68,838,491	-	-	68,838,491
Investment income (loss)	(8,402)	-	-	(8,402)
Other Nongovernmental	<u>9,210</u>	<u>-</u>	<u>-</u>	<u>9,210</u>
Total Revenues and Gains	68,839,299	-	-	68,839,299
Expenses				
Program Services:				
U.S. Department of Health and Human Services	\$ 51,175,779	\$ -	\$ -	\$ 51,175,779
USDA - Food and Nutrition Services	2,684,575	-	-	2,684,575
State of Oregon - Department of Education - OPK	11,044,597	-	-	11,044,597
State of Oregon - Early Learning Hub - Preschool Promise	2,183,103	-	-	2,183,103
State of Oregon - Oregon Health Authority - MIECHV	458,361	-	-	458,361
Other Grant and Contracts	<u>1,230,125</u>	<u>-</u>	<u>-</u>	<u>1,230,125</u>
Total Program Services	68,776,540	-	-	68,776,540
Other Nongovernmental	<u>263,763</u>	<u>(6,111)</u>	<u>-</u>	<u>257,652</u>
Total Expenses	<u>69,040,303</u>	<u>(6,111)</u>	<u>-</u>	<u>69,034,192</u>
Change In Net Assets, All Without Donor Restrictions	(201,004)	6,111	-	(194,893)
Net Assets, Beginning of Year	<u>14,727,018</u>	<u>(1,150)</u>	<u>-</u>	<u>14,725,868</u>
Net Assets, End of Year	<u>\$ 14,526,014</u>	<u>\$ 4,961</u>	<u>\$ -</u>	<u>\$ 14,530,975</u>

See accompanying notes to consolidated financial statements and accompanying auditor's report.

Supplemental Disclosure of Consolidation Information
OCDC and Affiliate
Consolidating Statement of Cash Flows
Year Ended December 31, 2021

	OCDC, Inc.	OCDC QALICB	Eliminations	Consolidated
Cash Flows From Operating Activities				
Change in net assets	\$ (201,004)	\$ 6,111	\$ -	\$ (194,893)
Adjustments to reconcile change in net assets to net cash provided by operating activities:				
Depreciation	2,802,694	-	-	2,802,694
Loss from disposal of property and equipment	6,129	-	-	6,129
Unrealized loss on investments	8,609	-	-	8,609
Changes in assets and liabilities:				
(Increase) decrease in:				
Receivables	(141,292)	-	-	(141,292)
Prepaid expenses and other assets	(121,532)	1,231	-	(120,301)
Increase (decrease) in:				
Accounts payable	(173,315)	-	-	(173,315)
Accrued liabilities	379,291	(7,342)	-	371,949
Refundable advances	(287,916)	-	-	(287,916)
Deferred lease and lease incentive	1,087,066	-	-	1,087,066
Net cash provided by / (used in) operating activities	3,358,730	-	-	3,358,730
Cash Flows From Investing Activities				
Purchase of property and equipment	(5,085,845)	-	-	(5,085,845)
Net cash provided by / (used in) investing activities	(5,085,845)	-	-	(5,085,845)
Cash Flows From Financing Activities				
Proceeds from mortgages and notes payable	1,300,000	-	-	1,300,000
Principal payments on mortgages and notes payable	(406,731)	-	-	(406,731)
Net cash provided by financing activities	893,269	-	-	893,269
Net increase in cash and cash equivalents	(833,846)	-	-	(833,846)
Cash And Cash Equivalents				
Beginning of Year	3,220,449	4,961	-	3,225,410
End of Year	<u>\$ 2,386,603</u>	<u>\$ 4,961</u>	<u>\$ -</u>	<u>\$ 2,391,564</u>
Supplemental Disclosure of Cash Flow Information				
Other Cash activities:				
Mortgages and notes payable interest paid and expensed	<u>\$ 196,636</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 196,636</u>

See accompanying notes to consolidated financial statements and accompanying auditor's report.