



**COMMUNITY PARTNERSHIP  
FOR CHILD DEVELOPMENT, INC.**

**Independent Auditors' Reports,**

**Financial Statements,**

**Supplemental Information,**

**Schedule of Findings and Questioned Costs**

**And**

**Summary Schedule of Prior Audit Findings**

**For the Year Ended October 31, 2023**

# COMMUNITY PARTNERSHIP FOR CHILD DEVELOPMENT, INC.

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## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors  
Community Partnership for Child Development, Inc.  
Colorado Springs, Colorado

### **Opinion**

We have audited the accompanying financial statements of Community Partnership for Child Development, Inc. (the Organization), a not-for-profit organization, which comprise the statement of financial position as of October 31, 2023 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 referred to above present fairly, in all material respects, the financial position of the Organization as of October 31, 2023, 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 audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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 these 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 Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditors' Responsibility 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 auditors' 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 Organization'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 Organization'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.

#### **Report on Summarized Comparative Information**

We have previously audited the Organization's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 17, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended October 31, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

#### **Report on Supplemental 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* and the statements of activities and changes in net assets including Head Start program encumbrances and in-kind contributions are presented for purposes of additional analysis and are not a required part of the financial statements of the Organization. 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 January 17, 2024 on our consideration of the Organization'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 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 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 Organization's internal control over financial reporting and compliance.

*Stockman Kast Ryan + Co. LLP*

January 17, 2024

## COMMUNITY PARTNERSHIP FOR CHILD DEVELOPMENT, INC.

### STATEMENT OF FINANCIAL POSITION

OCTOBER 31, 2023 (with comparative totals for 2022)

	2023	2022
<b>ASSETS</b>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,056,217	\$ 2,381,416
Grants reimbursement receivable	1,046,818	951,257
Pledges receivable, net	175,976	211,978
Investments	6,983,165	6,542,907
Other current assets	<u>241,249</u>	<u>371,446</u>
Total current assets	9,503,425	10,459,004
PLEDGES RECEIVABLE, NET	164,844	220,437
PROPERTY AND EQUIPMENT, NET	<u>1,023,881</u>	<u>1,300,780</u>
TOTAL ASSETS	<u>\$ 10,692,150</u>	<u>\$ 11,980,221</u>
<b>LIABILITIES AND NET ASSETS</b>		
CURRENT LIABILITIES		
Accounts payable	\$ 226,354	\$ 256,191
Accrued payroll expenses	469,764	364,664
Accrued vacation expense	611,583	572,551
Other accrued expenses	131,751	1,341,832
Deferred revenue		<u>96,596</u>
Total liabilities	<u>1,439,452</u>	<u>2,631,834</u>
NET ASSETS		
Without donor restriction	557,336	(490,773)
Without donor restriction - Board designated	<u>8,007,046</u>	<u>7,843,687</u>
Total without donor restriction	8,564,382	7,352,914
With donor restriction	<u>688,316</u>	<u>1,995,473</u>
Total net assets	<u>9,252,698</u>	<u>9,348,387</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 10,692,150</u>	<u>\$ 11,980,221</u>

See notes to financial statements.

## COMMUNITY PARTNERSHIP FOR CHILD DEVELOPMENT, INC.

### STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED OCTOBER 31, 2023 (with comparative totals for 2022)

	2023			2022 Total
	Without Donor Restriction	With Donor Restriction	Total	
<b>SUPPORT AND REVENUE</b>				
Federal programs	\$ 15,582,133		\$ 15,582,133	\$ 14,936,934
Colorado preschool program	3,814,558		3,814,558	3,818,165
Contributions - financial assets	1,019,062	\$ 1,364,288	2,383,350	3,084,721
Contributions - nonfinancial assets	1,800,169		1,800,169	2,132,668
School district grants	621,657		621,657	563,025
Investment income (loss)	329,086		329,086	(1,296,295)
Miscellaneous program income	613,629		613,629	159,588
Net assets released from restrictions – Satisfaction of restrictions	<u>2,671,445</u>	<u>(2,671,445)</u>		
Total support and revenue	<u>26,451,739</u>	<u>(1,307,157)</u>	<u>25,144,582</u>	<u>23,398,806</u>
<b>EXPENSES</b>				
Program services	23,446,786		23,446,786	21,935,671
General and administrative	1,650,064		1,650,064	1,666,929
Fund raising	<u>143,421</u>		<u>143,421</u>	<u>149,962</u>
Total expenses	<u>25,240,271</u>	<u>—</u>	<u>25,240,271</u>	<u>23,752,562</u>
CHANGE IN NET ASSETS	1,211,468	(1,307,157)	(95,689)	(353,756)
NET ASSETS, Beginning of year	<u>7,352,914</u>	<u>1,995,473</u>	<u>9,348,387</u>	<u>9,702,143</u>
NET ASSETS, End of year	<u>\$ 8,564,382</u>	<u>\$ 688,316</u>	<u>\$ 9,252,698</u>	<u>\$ 9,348,387</u>
<b>CLASSIFICATION OF NET ASSET WITHOUT DONOR RESTRICTIONS</b>				
Undesignated	\$ 557,336			\$ (490,773)
Board designated for:				
REACH investment fund	4,285,596			3,973,172
General operations fund	2,697,569			2,569,735
Net equity in property and equipment	<u>1,023,881</u>			<u>1,300,780</u>
Total	<u>\$ 8,564,382</u>			<u>\$ 7,352,914</u>

See notes to financial statements.

# COMMUNITY PARTNERSHIP FOR CHILD DEVELOPMENT, INC.

## STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED OCTOBER 31, 2023 (with comparative totals for 2022)

	2023			Total	2022 Total
	Program Services	General and Administrative	Fund Raising		
EXPENSES					
Employee compensation:					
Salaries	\$ 14,874,319	\$ 1,151,436	\$ 56,063	\$ 16,081,818	\$ 14,065,500
Payroll taxes and benefits	2,736,509	201,488	16,692	2,954,689	3,766,281
Total employee compensation	17,610,828	1,352,924	72,755	19,036,507	17,831,781
Other expenses:					
Donated services, classroom space and materials	1,853,587			1,853,587	1,905,571
Contract services and professional fees	1,370,275	72,194	3,470	1,445,939	1,404,219
Food - classroom lunch	973,340			973,340	923,844
Occupancy	533,973	3,000		536,973	521,688
Depreciation	279,166			279,166	141,951
Staff training and recruiting	60,814	154,722	500	216,036	218,939
Supplies	199,491	7,308	1,275	208,074	197,346
Equipment, repairs and maintenance	178,725	9,466	4,101	192,292	162,348
Events and volunteer training and recruiting	50,098	18,018	58,533	126,649	90,881
Communications	99,802			99,802	90,894
Staff travel	58,370	4,894	89	63,353	39,111
Parent services	51,214	8,627		59,841	58,861
Printing and copying	47,338	7,224	2,403	56,965	35,416
Vehicle expense	28,333			28,333	22,780
Child services - medical and dental	22,515			22,515	77,171
Classroom / office equipment	20,697			20,697	
Dues and postage	8,220	11,687	295	20,202	29,761
Total other expenses	5,835,958	297,140	70,666	6,203,764	5,920,781
TOTAL	\$ 23,446,786	\$ 1,650,064	\$ 143,421	\$ 25,240,271	
PERCENT OF TOTAL	93%	6%	1%	100%	
COMPARATIVE TOTALS – 2022	\$ 21,935,671	\$ 1,666,929	\$ 149,962		\$ 23,752,562
PERCENT OF TOTAL – 2022	92%	7%	1%		100%

See notes to financial statements.



## COMMUNITY PARTNERSHIP FOR CHILD DEVELOPMENT, INC.

### STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED OCTOBER 31, 2023 (with comparative totals for 2022)

	2023	2022
OPERATING ACTIVITIES		
Change in net assets	\$ (95,689)	\$ (353,756)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	279,166	141,951
Realized and unrealized losses (gains) on investments	(187,235)	1,386,926
Loss (gain) on sale of property and equipment	20,697	(7,950)
Changes in operating assets and liabilities:		
Grants reimbursement receivable	(95,561)	123,080
Pledges receivable	91,595	(248,977)
Other assets	130,197	(152,794)
Accounts payable and accrued expenses	(1,166,221)	1,068,098
Right of use asset		(107,753)
Lease liability	70,435	91,783
Deferred revenue	(96,596)	(32,550)
Net cash provided by (used in) operating activities	<u>(1,049,212)</u>	<u>1,908,058</u>
INVESTING ACTIVITIES		
Purchase of investments	(1,387,872)	(2,790,049)
Proceeds from sale of investments	1,134,849	2,579,543
Purchase of property and equipment	(36,064)	(30,075)
Proceeds from sale of property and equipment	<u>13,100</u>	<u>7,950</u>
Net cash used in investing activities	<u>(275,987)</u>	<u>(232,631)</u>
CHANGE IN CASH AND CASH EQUIVALENTS	(1,325,199)	1,675,427
CASH AND CASH EQUIVALENTS, Beginning of year	<u>2,381,416</u>	<u>705,989</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 1,056,217</u>	<u>\$ 2,381,416</u>

See notes to financial statements.

# COMMUNITY PARTNERSHIP FOR CHILD DEVELOPMENT, INC.

## NOTES TO FINANCIAL STATEMENTS

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Community Partnership for Child Development, Inc. (the Organization) is a Colorado not-for-profit organization. The Organization provides support and encourages activities and programs which promote the health, education, social and cultural development, public safety and general welfare of children (particularly of preschool age) and families residing in Colorado.

**Basis of Presentation** – The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions, which represents the expendable resources that are available for operations at management’s discretion; and net assets with donor restrictions, which represents resources restricted by donors as to purpose or by the passage of time.

**Cash and Cash Equivalents** — The Organization considers all liquid investments with original maturities of three months or less to be cash equivalents. At October 31, 2023 and 2022, cash equivalents consist primarily of money market funds.

**Investments and Investment Return** — The Organization's investments consist of mutual funds, and money market accounts, which are held as investments, carried at fair market value. The mutual funds and money market accounts are valued based on quoted prices in active markets. Investment return includes dividend, interest and other investment income; and realized and unrealized gains and losses on investments carried at fair value. Investment return is reflected in the statement of activities as without donor restriction or with donor restriction based upon the existence and nature of any donor or legally imposed restrictions.

**Revenue Recognition** — Contributions received are recorded as without donor restriction or with donor restriction depending on the existence or nature of any donor restrictions. When a donor restriction is met, net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restrictions. Gifts of land, buildings, equipment and other long-lived assets are reported as revenue and net assets when the assets are placed in service. Unconditional gifts expected to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected in future years are reported at the present value of estimated future cash flows. The resulting discount is amortized in future years and is reported as contribution revenue.

**Revenue and Cost Recognition on Contracts** —The Organization recognizes revenues on contracts by applying the following steps: (1) identify the contract(s) with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract, if applicable; and (5) recognize revenue when (or as) the performance obligation is satisfied. The Organization’s contract revenue is recognized pursuant to contracts under which the Organization typically transfers services to the customer over time. The Organization recognizes revenue over time as the performance obligations are satisfied.

**Property and Equipment** — All acquisitions of property and equipment in excess of \$5,000 and all expenditures for repairs, maintenance, renewals and betterments that prolong the useful lives of assets are capitalized. Property and equipment are recorded at cost or, if donated, at the fair value at the date of donation. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets, which are twenty years for buildings and improvements and range from five years to fifteen years for furnishings and equipment.

**Contributions - Nonfinancial Assets** — Donated services, classroom space and materials are recorded as both a revenue and expenditure in the accompanying statement of activities at their estimated values. Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donations. In addition to the donated services recorded in the financial statements, the Organization utilizes the services of numerous volunteers, which are recognized as in-kind contributions related to the Head Start Programs, the Early Childhood Development Program, the First Visitors Program and various school districts. Some of these volunteers and in-kind contributions include the following:

- Parents
- Community
- Community services
- Students
- Staff training
- Parent services and training
- Travel

**Government Grants** — Support funded by grants is recognized as the Organization performs the contracted services or incurs eligible expenditures for reimbursement under the grant agreements. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

**Use of Estimates** — Preparation of the Organization's financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

**Income Taxes** — The Organization is a qualifying organization under Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes under Section 501(a). In addition, the Organization qualified for the charitable contribution deduction. The Organization believes that it does not have any uncertain tax positions that are material to the financial statements.

**Changes in Accounting Principles** — On September 17, 2020, FASB issued Accounting Standards Update (ASU) 2020-07, Not-for-Profit Entities (Topic 958) – Presentation and Disclosures by Not for-Profit Entities for Contributed Nonfinancial Assets. The update addresses the transparency of contributed nonfinancial assets for not-for-profit (NFP) entities through enhancements to presentation and disclosure. We have implemented ASU 2020-07 and have adjusted the presentation in these financial statements accordingly.

The ASU has been applied retrospectively to all periods presented. A key change required by ASU 2020-07 is the presentation of contributed non-financial assets recognized within the statement of activities and disclosure about qualitative information about whether the contributed nonfinancial assets were monetized or utilized during the reporting period, a description of donor-imposed restrictions (if any), a description of the valuation techniques and inputs used to arrive at a fair value measure, and the principal market used to arrive at a fair value measure.

**Reclassifications** — Certain reclassifications to prior year amounts have been made to conform to the current year presentation.

**Subsequent Events** — The Organization has evaluated subsequent events for recognition or disclosure through the date of the Independent Auditors' Report, which is the date the financial statements were available for issuance.

## 2. LIQUIDITY AND AVAILABILITY

The following table reflects the Organization's financial assets as of October 31, 2023 and 2022, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual restrictions or time restrictions. Amounts not available to meet general expenditures within one year include net assets with donor restrictions.

	<b>2023</b>	<b>2022</b>
Cash and cash equivalents	\$ 1,056,217	\$ 2,381,416
Grants reimbursement receivable	1,046,818	951,257
Pledges receivable, net	175,976	211,978
Investments	<u>6,983,165</u>	<u>6,542,907</u>
Total financial assets	<u>9,262,176</u>	<u>10,087,558</u>
Less amounts unavailable for general expenditures within one year, due to:		
Restricted by donors with purpose restrictions	(467,879)	(1,721,618)
Restricted by donors with time restrictions	<u>(220,437)</u>	<u>(273,855)</u>
Total amounts unavailable for general expenditures within one year	<u>(688,316)</u>	<u>(1,995,473)</u>
Less amounts unavailable to management without Boards approval:		
Board designated for future use	<u>(6,983,165)</u>	<u>(6,542,907)</u>
Total financial assets available to management to meet cash needs for general expenditures within one year	<u>\$ 1,590,695</u>	<u>\$ 1,549,178</u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization's policy to manage an emergency cash flow need is to maintain a minimum of three months non-federal cash flow, which is approximately three million dollars, in the non-federal checking and money market accounts.

The Organization manages its cash flow through a one-year cycle through monthly monitoring of the liquidity required and resources available to meet its operating needs and other contractual commitments. Should the need arise, leadership may choose to use some of the board designated funds for general expenditure.

In addition to financial assets available to meet general expenditures over the next twelve months, the Organization operates with a board approved, balanced budget and anticipates sufficient revenue to cover general expenditures, liabilities and other obligations.

### 3. FUNCTIONAL EXPENSES ALLOCATION METHOD

The financial statements report certain categories of expenses that are attributable to one or more program or supporting services of the Organization. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include any expenditures which are not directly attributable to a specific program and include salaries, payroll taxes, occupancy, telephone, travel, supplies, training, and recruitment, which are allocated on the basis of estimates of time and effort.

### 4. PLEDGES RECEIVABLE

Pledges receivable, which are with donor restriction, consist of the following unconditional promises to give at October 31:

	<b>2023</b>	<b>2022</b>
Due within one year	\$ 175,976	\$ 211,978
Due within one to five years	<u>182,156</u>	<u>247,732</u>
Total	358,132	459,710
Discount to net present value of estimated cash flows	<u>(17,312)</u>	<u>(27,295)</u>
Pledges receivable, net	<u>\$ 340,820</u>	<u>\$ 432,415</u>
Reflected in the statement of financial position as:		
Pledges receivable – current	\$ 175,976	\$ 211,978
Pledges receivable – long-term	<u>164,844</u>	<u>220,437</u>
Total	<u>\$ 340,820</u>	<u>\$ 432,415</u>

### 5. INVESTMENTS AND FAIR VALUE MEASUREMENTS

The Organization is required to use a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2: Prices determined using significant other observable inputs. Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Prices determined using significant unobservable inputs.

The investment's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The following table sets forth by level, within the fair value hierarchy, the Organization's investments at fair value as of October 31:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>2023:</b>				
Domestic equity mutual funds	\$ 3,940,633	\$ 3,940,633		
Fixed income mutual funds	1,432,036	1,432,036		
Foreign equity mutual funds	939,236	939,236		
Money market accounts	339,362	339,362		
Other alternative mixed asset	211,907	211,907		
Real asset ETF	<u>119,991</u>	<u>119,991</u>		
Total investments	<u>\$ 6,983,165</u>	<u>\$ 6,983,165</u>	<u>\$ —</u>	<u>\$ —</u>
<b>2022:</b>				
Domestic equity mutual funds	\$ 3,762,254	\$ 3,762,254		
Fixed income mutual funds	1,362,522	1,362,522		
Foreign equity mutual funds	903,203	903,203		
Money market accounts	249,523	249,523		
Other alternative mixed asset	198,873	198,873		
Real asset ETF	<u>66,532</u>	<u>66,532</u>		
Total investments	<u>\$ 6,542,907</u>	<u>\$ 6,542,907</u>	<u>\$ —</u>	<u>\$ —</u>

Investment income (loss) consists of the following for the years ended October 31:

	2023	2022
Interest and dividend income	\$ 141,851	\$ 90,631
Realized and unrealized investment gains (losses)	<u>187,235</u>	<u>(1,386,926)</u>
Total	<u>\$ 329,086</u>	<u>\$ (1,296,295)</u>

**6. PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at October 31:

	<b>2023</b>	<b>2022</b>	<b>Estimated Useful Lives</b>
Land	\$ 162,142	\$ 162,142	
Building and improvements – 2330 Robinson	1,280,320	1,280,320	20 years
Building and improvements – 2340 Robinson	1,164,825	1,164,825	20 years
Modular, playground and shed structures	1,069,033	1,149,182	7-15 years
Vehicles	412,693	637,821	5 years
Office equipment	329,604	262,960	5-7 years
Capital lease asset	107,753	107,753	4 years
Computer equipment	<u>41,304</u>	<u>41,304</u>	5-7 years
Total	4,526,370	4,806,307	
Less accumulated depreciation	<u>(3,502,489)</u>	<u>(3,505,527)</u>	
Property and equipment, net	<u>\$ 1,023,881</u>	<u>\$ 1,300,780</u>	

**7. LINE OF CREDIT**

The Organization has a \$400,000 line of credit with a financial institution with a maturity date of April 1, 2024. The line of credit bears interest at the prime rate, which was 5% at October 31, 2023, and is unsecured. There were no outstanding borrowings at October 31, 2023 and 2022.

**8. PENSION PLAN**

The Organization has a retirement plan covering substantially all employees. Employees who have attained age 21, completed one year of service, and worked a minimum of 1,000 hours in the prior four quarters are eligible. The Organization is not required to make contributions on the employees' behalf. The plan allows participant 401(k) and Roth deferrals. Contributions to the plan were \$0 and \$983,751 for the years ended October 31, 2023 and 2022, respectively.

**9. CONTRIBUTED NONFINANCIAL ASSETS**

For the years ended October 31, contributed nonfinancial assets recognized within the statement of activities included:

	<b>Revenue Recognized</b>	<b>Utilization in Programs/ Activities</b>	<b>Donor Restriction</b>	<b>Valuation Techniques/ Inputs</b>
<b>2023</b>				
Classroom space	<u>\$ 1,800,169</u>	Program services	None	Fair market value
<b>2022</b>				
Classroom space	<u>\$ 2,132,668</u>	Program services	None	Fair market value

## 10. NET ASSETS WITH DONOR RESTRICTION

Net assets with donor restriction are available for the following purposes at October 31:

	2023	2022
Program restricted:		
Capacity building grant	\$ 148,055	
Behavioral health program	97,962	\$ 319,992
Early Head Start	83,793	50,450
Two Generation program	28,258	
Health and nutrition	24,700	
CDHS stabilization grant		801,976
CDHS workforce stability		305,663
Colorado preschool program		36,315
CDA parent program		35,868
Other	85,111	171,354
Time restricted	<u>220,437</u>	<u>273,855</u>
Total	<u>\$ 688,316</u>	<u>\$ 1,995,473</u>

## 11. RELEASE OF NET ASSETS WITH DONOR RESTRICTION

Net assets were released from donor restrictions by incurring expenditures satisfying the restricted purposes as follows for the years ended October 31:

	2023	2022
Program restricted:		
CDHS stabilization grant	\$ 1,389,900	
Behavioral health program	395,745	\$ 128,070
CDHS workforce stability	373,572	
Early Head Start	88,667	134,020
Two Generation program	64,610	
Colorado preschool program	47,815	43,693
Health and nutrition	19,308	
CDA parent program		76,816
Other	238,411	969,408
Time restricted	<u>53,417</u>	<u>170,979</u>
Total	<u>\$ 2,671,445</u>	<u>\$ 1,522,986</u>

## 12. COMMITMENTS AND CONTINGENCIES

**Grant Requirements** — Both federal and nonfederal grants require the fulfillment of certain conditions as set forth in the grant agreement. Failure to fulfill these conditions could result in the disallowance of certain expenditures. Management anticipates no disallowances of expenditures.

**Unliquidated Obligations** — The Organization has unliquidated obligations related to Head Start and Early Head Start programs of \$63,184 as of October 31, 2022, which are recorded as expenses during the following fiscal year. There were none as of October 31, 2023.



**13. CONCENTRATIONS**

Contracts with the federal government provided the Head Start and Early Head Start programs with approximately 59% and 62% of the Organization's revenue for each of the years ended October 31, 2023 and 2022, respectively.

As of October 31, 2022, 13% of the Organization's grants reimbursement receivable was due under the Child and Adult Food Care program. As of October 31, 2023 and 2022, 55% and 56%, respectively, of the Organization's grants reimbursements receivable was due under the Head Start program.

The Organization has a money market account at a financial institution with a balance that frequently exceeds the FDIC insurance limits. The Organization has not experienced any losses in such account.

**14. RELATED PARTY TRANSACTIONS**

During the years ended October 31, 2023 and 2022, the Organization recognized approximately \$25,605 and \$24,163 of contribution revenue from related parties (primarily Board members and senior management), respectively.

**COMMUNITY PARTNERSHIP FOR  
CHILD DEVELOPMENT, INC.**

**SUPPLEMENTAL INFORMATION**

## COMMUNITY PARTNERSHIP FOR CHILD DEVELOPMENT, INC.

### STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS INCLUDING HEAD START PROGRAM ENCUMBRANCES AND IN-KIND CONTRIBUTIONS FOR THE YEAR ENDED OCTOBER 31, 2023

	Per Financial Statement	Total Head Start Program Encumbrances	In-Kind Contributions	Total
WITHOUT DONOR RESTRICTION				
SUPPORT AND REVENUE				
Federal programs	\$ 15,582,133			\$ 15,582,133
Colorado preschool program	3,814,558			3,814,558
Contributions - nonfinancial assets	1,800,169		\$ 394,177	2,194,346
Contributions - financial assets	1,019,062			1,019,062
Investment income	329,086			329,086
School district grants	621,657			621,657
Miscellaneous program income	613,629			613,629
Net assets released from restrictions – Satisfaction of restrictions	<u>2,671,445</u>			<u>2,671,445</u>
<b>TOTAL SUPPORT AND REVENUE</b>	<u>26,451,739</u>	<u>\$ —</u>	<u>394,177</u>	<u>26,845,916</u>
EXPENSES				
Program services	23,446,786		394,177	23,840,963
General and administrative	1,650,064			1,650,064
Fund raising	<u>143,421</u>			<u>143,421</u>
<b>TOTAL EXPENSES</b>	<u>25,240,271</u>	<u>—</u>	<u>394,177</u>	<u>25,634,448</u>
Change in net assets without donor restriction	<u>1,211,468</u>	<u>—</u>	<u>—</u>	<u>1,211,468</u>
WITH DONOR RESTRICTION				
Contributions	1,364,288			1,364,288
Net assets released from restrictions	<u>(2,671,445)</u>			<u>(2,671,445)</u>
Change in net assets with donor restriction	<u>(1,307,157)</u>	<u>—</u>	<u>—</u>	<u>(1,307,157)</u>
Change in net assets	(95,689)			(95,689)
NET ASSETS, Beginning of year	<u>9,348,387</u>			<u>9,348,387</u>
NET ASSETS, End of year	<u>\$ 9,252,698</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 9,252,698</u>

## COMMUNITY PARTNERSHIP FOR CHILD DEVELOPMENT, INC.

### STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS INCLUDING HEAD START PROGRAM ENCUMBRANCES AND IN-KIND CONTRIBUTIONS FOR THE YEAR ENDED OCTOBER 31, 2022

	Per Financial Statement	Total Head Start Program Encumbrances	In-Kind Contributions	Total
WITHOUT DONOR RESTRICTION				
SUPPORT AND REVENUE				
Federal programs	\$ 14,936,934	\$ 63,184		\$ 15,000,118
Colorado preschool program	3,818,165			3,818,165
Donated services, classroom space and materials	2,132,668		\$ 301,117	2,433,785
Investment income (loss)	(1,296,295)			(1,296,295)
School district grants	563,025			563,025
Contributions	(39,978)			(39,978)
Conditional grant				
Miscellaneous contracts	19,271			19,271
Miscellaneous program income	140,317			140,317
Net assets released from restrictions – Satisfaction of restrictions	1,522,986			1,522,986
<b>TOTAL SUPPORT AND REVENUE</b>	<b>21,797,093</b>	<b>63,184</b>	<b>301,117</b>	<b>22,161,394</b>
EXPENSES				
Program services	21,935,671	63,184	301,117	22,299,972
General and administrative	1,666,929			1,666,929
Fund raising	149,962			149,962
<b>TOTAL EXPENSES</b>	<b>23,752,562</b>	<b>63,184</b>	<b>301,117</b>	<b>24,116,863</b>
Change in net assets without donor restriction	(1,955,469)	—	—	(1,955,469)
WITH DONOR RESTRICTION				
Contributions	3,124,699			3,124,699
Net assets released from restrictions	(1,522,986)			(1,522,986)
Change in net assets with donor restriction	1,601,713	—	—	1,601,713
Change in net assets	(353,756)	—	—	(353,756)
NET ASSETS, Beginning of year	9,702,143			9,702,143
NET ASSETS, End of year	\$ 9,348,387	\$ —	\$ —	\$ 9,348,387

# COMMUNITY PARTNERSHIP FOR CHILD DEVELOPMENT, INC.

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED OCTOBER 31, 2023

Federal Agency / Pass-Through Entity and Cluster or Program	CFDA Number	Grant Number	Amount Expended
United States Department of Health and Human Services:			
Head Start:			
Basic Head Start	93.600	08CH011853-03	\$ 9,714,858
Early Head Start	93.600	08CH011853-03	3,840,397
COLA Grant	93.600	08CH011853-03	1,086,381
Training Grant - Basic Head Start	93.600	08CH011853-03	107,587
Training Grant - Early Head Start	93.600	08CH011853-03	<u>65,559</u>
Total Head Start			<u>14,814,782</u>
Pass-Through Programs:			
Colorado Department of Health and Human Services:			
Early Milestones Colorado:			
Health and Mental Health	93.575	N/A	174,000
Circle Grant Program	93.575	N/A	109,163
Capacity Grant	93.575	N/A	<u>2,581</u>
Total Colorado Department of Health and Human Services			<u>285,744</u>
United States Department of Agriculture:			
Pass-Through Programs:			
Colorado Department of Health:			
Child and Adult Care Food Program	10.558		<u>702,957</u>
United States Department of Education:			
Pass-Through Programs:			
Colorado Department of Education:			
Education Stabilization Fund:			
Stabilization Grant	84.425		1,389,900
Workforce Stability	84.425		<u>373,572</u>
Total Education Stabilization Fund			<u>1,763,472</u>
United States Department of Housing and Urban Development (HUD):			
Pass-Through Programs:			
El Paso County:			
Community Services Block Grant	14.218	21-017D	<u>38,641</u>
City of Colorado Springs:			
Community Development Block Grants/ Entitlement Grants	14.218	C010549	<u>112</u>
United States Department of Treasury:			
Pass-Through Programs:			
El Paso County:			
ARPA Grant	21.027	CIG-2022-014	<u>67,255</u>
TOTAL			<u>\$ 17,672,963</u>

(Continued)

# COMMUNITY PARTNERSHIP FOR CHILD DEVELOPMENT, INC.

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED OCTOBER 31, 2023

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### Notes to Schedule:

1. This schedule includes the federal awards activity of Community Partnership for Child Development, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.
2. Community Partnership for Child Development, Inc. provided no federal awards to subrecipients.
3. Community Partnership for Child Development, Inc. has elected to not use the 10 percent *de minimus* indirect cost rate to charge costs to their federal awards.

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(Concluded)

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

The Board of Directors  
Community Partnership for Child Development, Inc.  
Colorado Springs, Colorado

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 Community Partnership for Child Development, Inc. (the Organization), a not-for-profit organization, which comprise the statement of financial position as of October 31, 2023, 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 January 17, 2024.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 may exist that have not been identified.

## **Compliance and Other Matters**

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

*Stockman Kast Ryan + Co. LLP*

January 17, 2024



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

The Board of Directors  
Community Partnership for Child Development, Inc.  
Colorado Springs, Colorado

**Opinion on Each Major Federal Program**

We have audited Community Partnership for Child Development, Inc.'s (the Organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Organization's major federal program for the year ended October 31, 2023. The Organization's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended October 31, 2023.

**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 Auditors' Responsibilities for the Audit of Compliance section of our report. We are required to be independent of the Organization 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 the Organization'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 the Organization's federal programs.

## **Auditors' Responsibility for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization'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 the Organization'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 the Organization'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 the Organization'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 the Organization'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 Auditors' 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.

*Stockman Kast Ryan + Co. LLP*

January 17, 2024

# COMMUNITY PARTNERSHIP FOR CHILD DEVELOPMENT, INC.

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED OCTOBER 31, 2023

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### SECTION I – SUMMARY OF AUDITORS' RESULTS

#### FINANCIAL STATEMENTS

1. Type of auditors' report issued:

Unmodified                       Modified                       Adverse                       Disclaimed

2. Internal control over financial reporting:

(A) Material weakness(es) identified?                       Yes                       No  
(B) Significant deficiencies identified?                       Yes                       None Reported

3. Noncompliance material to the financial statements noted?                       Yes                       No

#### FEDERAL AWARDS

1. Internal control over major programs:

(A) Material weakness(es) identified?                       Yes                       No  
(B) Significant deficiencies identified?                       Yes                       None Reported

2. Type of auditors' report issued on compliance for major programs:

Unmodified                       Modified                       Adverse                       Disclaimed

3. Any audit findings that are required to be reported in accordance with 2CFR 200.516(a)?                       Yes                       No

4. The Organization's major programs were:

<u>CFDA Number</u>	<u>Cluster/Program</u>
93.600	Head Start
84.425	Education Stabilization Fund

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

6. Auditee qualified as low-risk auditee under Section 520 of the Uniform Guidance?                       Yes                       No

(Continued)

**COMMUNITY PARTNERSHIP FOR CHILD DEVELOPMENT, INC.**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED OCTOBER 31, 2023**

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**SECTION II – FINANCIAL STATEMENT FINDINGS:**

No matters are reported.

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS:**

No matters are reported.

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(Concluded)

**COMMUNITY PARTNERSHIP FOR CHILD DEVELOPMENT, INC.**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED OCTOBER 31, 2023**

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**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS:**

No matters are reported.