



**East Coast Migrant Head Start Project**

**FINANCIAL STATEMENTS**

**December 31, 2021 and 2020**



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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
East Coast Migrant Head Start Project  
Raleigh, North Carolina

### ***Report on the Audit of the Financial Statements***

#### ***Opinion***

We have audited the accompanying financial statements of East Coast Migrant Head Start Project (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020 and the related statements of activities, functional expenses, and cash flows for the years then ended and the related notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of East Coast Migrant Head Start Project as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***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 East Coast Migrant Head Start Project 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 opinions.

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

We have previously audited East Coast Migrant Head Start Project's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report date July 6, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### ***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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 East Coast Migrant Head Start Project's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### ***Auditors' 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 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 East Coast Migrant Head Start Project'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 East Coast Migrant Head Start Project'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 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 schedule of expenditures of federal awards 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 July 22, 2022, on our consideration of the East Coast Migrant Head Start Project'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 East Coast Migrant Head Start Project'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 East Coast Migrant Head Start Project's internal control over financial reporting and compliance.

*Carr, Riggs & Ingram, L.L.C.*

CARR, RIGGS & INGRAM, L.L.C.

Enterprise, Alabama  
July 22, 2022

**East Coast Migrant Head Start Project  
Statements of Financial Position**

<i>December 31,</i>	<b>2021</b>	<b>2020</b>
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 1,399,564	\$ 1,232,926
Grants receivable - DHHS	83,362	1,840,359
Grants receivable - USDA	144,951	87,432
Other receivables	11,118	15,619
Prepaid expenses and other assets	660,756	601,222
<b>Total current assets</b>	<b>2,299,751</b>	<b>3,777,558</b>
Non-current assets		
Property and equipment, net	13,113,171	10,570,267
<b>Total assets</b>	<b>\$ 15,412,922</b>	<b>\$ 14,347,825</b>
<b>Liabilities and Net Assets</b>		
Current liabilities		
Accounts payable	\$ 284,587	\$ 746,688
Accrued liabilities	1,421,242	1,170,359
Deferred revenue	111,589	-
Due to grantor	-	689,971
Due to sub-recipient agencies	80,628	309,064
<b>Total current liabilities</b>	<b>1,898,046</b>	<b>2,916,082</b>
Non-current liabilities		
Deferred rent	207,706	207,706
<b>Total liabilities</b>	<b>2,105,752</b>	<b>3,123,788</b>
Net assets		
Without donor restrictions	13,257,156	11,122,704
With donor restrictions	50,014	101,333
<b>Total net assets</b>	<b>13,307,170</b>	<b>11,224,037</b>
<b>Total liabilities and net assets</b>	<b>\$ 15,412,922</b>	<b>\$ 14,347,825</b>

*The accompanying notes are an integral part of these financial statements.*

**East Coast Migrant Head Start Project  
Statements of Activities**

<i>For the years ended December 31,</i>	Without Donor Restrictions	With Donor Restrictions	<b>2021 Total</b>	2020 Summarized Total
<b>Revenue and Other Support</b>				
Grants - DHHS	\$ 59,253,441	\$ -	\$ 59,253,441	\$ 49,659,840
In-kind contributions	815,028	-	815,028	540,102
Grants - USDA	743,339	-	743,339	476,569
Program income	61,814	-	61,814	243,166
Grants - State	163,500	-	163,500	-
Grants - other	108,252	6,667	114,919	129,391
Contributions	297,677	-	297,677	118,946
Other income (loss)	-	1,201	1,201	(26,659)
Net assets released from restrictions	59,187	(59,187)	-	-
<b>Total revenue and other support</b>	<b>61,502,238</b>	<b>(51,319)</b>	<b>61,450,919</b>	<b>51,141,355</b>
<b>Expenses</b>				
<i>Program services</i>				
Head Start and other program services	50,126,825	-	50,126,825	42,246,906
Training and technical assistance	663,879	-	663,879	528,514
<b>Total program services</b>	<b>50,790,704</b>	<b>-</b>	<b>50,790,704</b>	<b>42,775,420</b>
<i>Supporting services</i>				
General and administrative	8,577,082	-	8,577,082	7,462,952
<b>Total expenses</b>	<b>59,367,786</b>	<b>-</b>	<b>59,367,786</b>	<b>50,238,372</b>
Change in net assets	2,134,452	(51,319)	2,083,133	902,983
Net assets at beginning of year	11,122,704	101,333	11,224,037	10,321,054
Net assets at end of year	\$ 13,257,156	\$ 50,014	\$ 13,307,170	\$ 11,224,037

*The accompanying notes are an integral part of these financial statements.*

## East Coast Migrant Head Start Project Statements of Functional Expenses

For the years ended December 31,

	Program Services			Supporting Services		2021 Total	Summarized Total 2020
	Head Start and Other Program Services	Training and Technical Assistance	Program Services Subtotal	General and Administrative			
Salaries and benefits	\$ 33,959,224	\$ 265,972	\$ 34,225,196	\$ 3,843,699	\$ 38,068,895	\$ 33,668,216	
Sub-recipient agencies	4,380,950	-	4,380,950	494,028	4,874,978	4,967,684	
Rent/utilities	1,891,985	-	1,891,985	644,223	2,536,208	2,348,314	
Office supplies	501,621	448	502,069	391,529	893,598	989,497	
Facility repairs and maintenance	2,101,485	-	2,101,485	19,245	2,120,730	978,144	
Food service supplies	1,135,475	6,529	1,142,004	-	1,142,004	872,476	
Miscellaneous	464,877	22,465	487,342	392,917	880,259	868,941	
Classroom supplies	1,320,096	504	1,320,600	14,799	1,335,399	843,692	
Depreciation	-	-	-	862,336	862,336	709,777	
Vehicle repairs and maintenance	1,504,462	-	1,504,462	366	1,504,828	675,935	
Travel/transportation	-	26,102	26,102	485,264	511,366	569,671	
In-kind contributions	815,028	-	815,028	-	815,028	540,102	
Communications	431,333	-	431,333	34,977	466,310	504,586	
Insurance	3,610	-	3,610	434,363	437,973	367,554	
Professional fees	169,794	-	169,794	538,107	707,901	236,678	
Relocation	967,603	-	967,603	927	968,530	207,213	
Training and staff development	76,757	331,811	408,568	23,652	432,220	195,604	
Board of Directors/policy council	60,911	2,900	63,811	71,832	135,643	192,967	
Equipment rental	99,026	-	99,026	39,908	138,934	189,554	
Temporary help	67,459	-	67,459	271,564	339,023	87,225	
Taxes	67,379	908	68,287	8,651	76,938	86,102	
Equipment expense	51,097	-	51,097	3,616	54,713	74,607	
Medical Services	56,653	6,240	62,893	1,079	63,972	63,833	
<b>Total</b>	<b>\$ 50,126,825</b>	<b>\$ 663,879</b>	<b>\$ 50,790,704</b>	<b>\$ 8,577,082</b>	<b>\$ 59,367,786</b>	<b>\$ 50,238,372</b>	

*The accompanying notes are an integral part of these financial statements.*



## East Coast Migrant Head Start Project Statements of Cash Flows

<i>For the years ended December 31,</i>	<b>2021</b>	<b>2020</b>
<b>Operating Activities</b>		
Change in net assets	\$ 2,083,133	\$ 902,983
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	862,336	709,777
(Gain) loss on sale of property and equipment	-	33,653
Changes in operating assets and liabilities		
Grants receivable - DHHS	1,756,997	(1,840,359)
Grants receivable - USDA	(57,519)	89,574
Other receivables	4,501	13,059
Prepaid expenses and other assets	(59,534)	127,338
Accounts payable	(462,101)	143,287
Accrued expenses	250,883	307,011
Due to grantor	(689,971)	689,971
Due to sub-recipient agencies	(228,436)	(267,523)
Deferred revenue	111,589	-
Deferred rent	-	(9,114)
Net cash provided by (used in) operating activities	<b>3,571,878</b>	899,657
<b>Investing Activities</b>		
Purchase of property and equipment	<b>(3,405,240)</b>	(1,010,227)
Net cash provided by (used in) investing activities	<b>(3,405,240)</b>	(1,010,227)
Net change in cash and cash equivalents	<b>166,638</b>	(110,570)
Cash and cash equivalents at beginning of year	<b>1,232,926</b>	1,343,496
Cash and cash equivalents at end of year	<b>\$ 1,399,564</b>	\$ 1,232,926

*The accompanying notes are an integral part of these financial statements.*

## **East Coast Migrant Head Start Project Notes to Financial Statements**

### **Note 1: DESCRIPTION OF THE ORGANIZATION**

#### ***Organization***

The East Coast Migrant Head Start Project (ECMHSP) was organized in 1974 by the Leadership Conference of Women's Religious to receive funds from the U.S. Department of Health and Human Services (DHHS), Office of Child Development. These federal funds were awarded to provide high-quality and comprehensive Head Start services to the children of migrant farm workers. On September 23, 1981, ECMHSP was separately incorporated under the laws of the Commonwealth of Virginia. ECMHSP began operating as a nonprofit corporation independent of the Leadership Conference of Women's Religious on or about February 1, 1982.

For the fiscal year January 1, 2021, through December 31, 2021 (FY 2021), ECMHSP's primary source of revenue and support is through a Head Start grant award from DHHS, Administration for Children & Families (ACF), Office of Head Start. For FY 2021, ECMHSP provided high-quality and comprehensive Head Start services to agricultural worker children and families in educational campuses operated in ten states: Florida, Alabama, Georgia, South Carolina, North Carolina, Virginia, Pennsylvania, New Jersey, Indiana, and Oklahoma. The vast majority of these agricultural worker children and families were served directly by ECMHSP. However, in Pennsylvania and New Jersey, and in Yadkin County, North Carolina, a total of seven educational campuses were operated by three sub-recipient agencies: PathStone Corporation, Benedictine Sisters of Erie, PA, and Yadkin Valley Economic Development District, Inc (YVEDDI).

Effective November 1, 2021, YVEDDI relinquished its sub-recipient agreement with ECMHSP and ECMHSP began operating directly the educational campus located in Yadkin County, North Carolina.

#### ***Sub-recipient Agencies***

ECMHSP has contracted with sub-recipient agencies to operate Head Start centers, providing continuity of the Head Start programs to children of migrant and seasonal farmworkers during the harvest season, while the workers and their families are moving up and down the East Coast of the United States. The sub-recipient centers are located in North Carolina, Pennsylvania and New Jersey.

### **Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### ***Basis of Accounting***

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

## East Coast Migrant Head Start Project Notes to Financial Statements

### Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### ***Use of Estimates***

The preparation of U.S. GAAP financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

#### ***Comparative Financial Information***

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with ECMHSP's financial statements for the year ended December 31, 2020, from which the summarized information was derived.

#### ***Cash and Cash Equivalents***

Cash and cash equivalents include cash and all highly liquid investments with an original maturity of 90 days or less.

#### ***Grants Receivable***

Grants receivable represents pending reimbursements of program expenses incurred as of December 31, 2021 and 2020, both billed and unbilled, and expected to be received from the funding sources in the subsequent year. Management considers receivables at December 31, 2021 and 2020 to be fully collectible. Accordingly, no allowance for delinquent grants receivable was made in the accompanying financial statements.

#### ***Other Receivables***

Other receivables represents monies owed from other funds, local monies, and miscellaneous receivables owed as of December 31, 2021 and 2020, and expected to be received in the subsequent period. Management considers other receivables at December 31, 2021 and 2020 to be fully collectible. Accordingly, no allowance for other receivables was made in the accompanying financial statements.

#### ***Property and Equipment***

All acquisitions of property and equipment in excess of \$5,000 and all expenditures for maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Repairs and maintenance are expensed as incurred. Property and equipment are carried at cost or, if donated,

## East Coast Migrant Head Start Project Notes to Financial Statements

### Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### ***Property and Equipment (continued)***

at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method.

Fixed assets purchased with federal funds are reported to the grantors as program expenses in the period purchased in order to obtain reimbursement under grant agreements. For financial reporting, these assets, with an initial cost over \$5,000 are capitalized at cost and depreciated on the straight-line basis over the estimated useful lives of the assets. Although grantor agencies may hold a reversionary interest in these assets, title rests with ECMHSP.

#### ***Net Assets***

The Agency reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of ECMHSP, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature, such as those that are restricted by a donor that the resources be maintained in perpetuity.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

#### ***Revenue Recognition***

Program service fees and payments under cost-reimbursable contracts are accounted for under ASC Topic 606, *Revenue from Contracts with Customers* (ASC 606), recognizing revenue when performance obligations under the terms of the contracts with customers are satisfied. Prior to the adoption of ASC 606, ECMHSP recognized revenue when persuasive evidence of an arrangement existed, delivery of products had occurred, the sales price was fixed or determinable and collectability was reasonably assured.

## East Coast Migrant Head Start Project Notes to Financial Statements

### Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### ***Revenue Recognition (continued)***

Contributions are recognized when cash, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as net assets without donor restrictions. ECMHSP also receives funding from federal grants and contracts, which are conditioned upon certain performance requirements and/or occurrence of allowable qualifying expenses. Revenues are recognized when ECMHSP performs the contracted services or incurs expenditures in compliance with specific contract or grant provisions. 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. The funding for ECMHSP's operations is significantly dependent on the receipt of federal grants. It is always considered reasonably possible that a customer, grantor, or contributor will be lost in the near term. ECMHSP is awarded grant funds in five-year project periods. The Agency is in year three of the current award as of December 31, 2021.

#### ***Donated Assets***

Donated investments and other noncash donations are recorded as contributions at their fair values at the date of donation.

#### ***Donated Services***

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by ECMHSP. Volunteers also provided services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

#### ***Functional Allocation of Expenses***

Directly identifiable expenses are charged to programs and supporting services. Expenses have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services that benefit from the costs based on an actual usage and percentage of resources devoted to aspects of ECMHSP's operations. General and administrative expenses include those expenses that provide for the overall support and direction of ECMHSP.

#### ***Advertising***

ECMHSP uses advertising to promote its programs among the audiences it serves. The production costs of advertising are expensed as incurred. During the years ended December 31, 2021 and 2020, advertising costs were immaterial.

## East Coast Migrant Head Start Project Notes to Financial Statements

### Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### ***Income Taxes***

ECMHSP has been granted an exemption from income taxes under Internal Revenue Code Section 501(c)(3) as a non-profit corporation. As required by Internal Revenue Service regulations, ECMHSP annually files Form 990 "Return of Agency Exempt from Income Tax" with the Internal Revenue Service.

ECMHSP's policy is to record interest and penalties related to taxes in interest expense on the financial statement; however, ECMHSP did not have any interest or penalties related to taxes in fiscal years 2021 and 2020.

ECMHSP utilizes the accounting requirements associated with uncertainty in income taxes using the provisions of Financial Accounting Standards Board (FASB) ASC 740, *Income Taxes*. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of December 31, 2021 and 2020, ECMHSP has no uncertain tax provisions that qualify for recognition or disclosure in the financial statements.

#### ***Subsequent Events***

Management has evaluated subsequent events through the date that the financial statements were available to be issued, July 22, 2022. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements. There were no subsequent events to disclose.

#### ***Recent Accounting Pronouncements***

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). The guidance in this ASU and its amendments supersedes the leasing guidance in Topic 840, entitled Leases. Under the guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. For nonpublic entities, the standard is effective for fiscal years beginning after December 15, 2020. Early adoption is permitted. ECMHSP is currently evaluating the impact of the guidance on its financial statements.

In September 2020, the FASB issued ASU 2020-07, Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. The Agency is currently evaluating the impact of the guidance on its financial statements.

## East Coast Migrant Head Start Project Notes to Financial Statements

### Note 3: LIQUIDITY AND FINANCIAL ASSET AVAILABILITY

ECMHSP maintains its financial assets primarily in cash and cash equivalents to provide liquidity to ensure funds are available as ECMHSP's expenditures come due. The following reflects ECMHSP's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions.

<i>December 31,</i>	<b>2021</b>	2020
Total assets at year end	\$ 15,412,922	\$ 14,347,825
Less non-financial assets		
Prepaid expenses and other assets	660,756	601,222
Property and equipment, net	13,113,171	10,570,267
<b>Financial assets at year-end</b>	<b>1,638,995</b>	<b>3,176,336</b>
Less those not available for general expenditures within one year, due to contractual or donor-imposed restrictions		
Restricted by donor with time or purpose restrictions	(50,014)	(101,333)
<b>Financial assets available to meet cash needs for general expenditures within one year</b>	<b>\$ 1,588,981</b>	<b>\$ 3,075,003</b>

ECMHSP is principally supported by its grants and fees charged for the services it provides. Cash required for operating needs and contractual commitments is drawn-down from the grantor to meet current commitments. The funds are available within a day of the request for payment.

ECMHSP manages its liquidity and reserves following three guiding principles: Operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The entity forecasts its future cash flows and monitors liquidity on a regular basis.

### Note 4: GRANTS RECEIVABLE

Grants receivable consist of the following:

<i>December 31,</i>	<b>2021</b>	2020
Department of Health and Human Services - Head Start	\$ 83,362	\$ 1,840,359
U.S. Department of Agriculture	144,951	87,432
<b>Total grants receivable</b>	<b>\$ 228,313</b>	<b>\$ 1,927,791</b>

## East Coast Migrant Head Start Project Notes to Financial Statements

### Note 5: PROPERTY AND EQUIPMENT

The components of property and equipment at December 31, 2021 and 2020, are as follows:

	Estimated Useful Lives (in years)	2021	2020
Building and related improvements	30 and 10	\$ 15,645,759	\$ 15,645,759
Furniture, fixtures and equipment	5	635,181	574,877
Vehicles	5	4,955,559	5,196,640
		<b>21,236,499</b>	21,417,276
Less accumulated depreciation		<b>(11,974,505)</b>	(11,537,491)
		<b>9,261,994</b>	9,879,785
Construction in progress		<b>3,380,992</b>	497,279
Land		<b>470,185</b>	193,203
		<b>3,851,177</b>	690,482
Property and equipment, net		<b>\$ 13,113,171</b>	\$ 10,570,267

Depreciation expense for the years ended December 31, 2021 and 2020 amounted to \$862,336 and \$709,777, respectively.

### Note 6: ACCRUED LIABILITIES

Accrued liabilities at December 31, 2021 and 2020, consists of the following:

<i>December 31,</i>	2021	2020
Payroll and related liabilities	\$ 1,185,165	\$ 922,232
Vacation leave	236,077	248,127
Total accrued expenses	<b>\$ 1,421,242</b>	\$ 1,170,359

### Note 7: DUE TO SUB-RECIPIENTS

Due to sub-recipients at December 31, 2021 and 2020, consists of the following:

<i>December 31,</i>	2021	2020
Pathstone, Inc, (NJ/PA)	\$ -	\$ 290,573
Benedictine Sisters of Erie (PA)	66,642	-
Yadkin Valley Economic Development District, Inc.	13,986	18,491
Total due to sub-recipients	<b>\$ 80,628</b>	\$ 309,064



## East Coast Migrant Head Start Project Notes to Financial Statements

### Note 8: NET ASSETS

A summary of net assets with donor restrictions follows:

<i>December 31,</i>	<b>2021</b>	<b>2020</b>
Purpose restricted		
Geraldine O'Brien Parent Scholarship Fund	\$ 10,378	\$ 45,326
Michael Murphy Parent Emergency Fund	39,636	56,007
<b>Total net assets with donor restrictions</b>	<b>\$ 50,014</b>	<b>\$ 101,333</b>

### Note 9: IN-KIND REVENUES

Donations for the Head Start grant were as follows:

<i>December 31,</i>	<b>2021</b>	<b>2020</b>
Program supplies	\$ 290,545	\$ 179,996
Professional services	75,689	-
Facilities	448,794	360,106
In-kind contributions reflected in statement of activities	815,028	540,102
Nonprofessional services	1,763,568	2,563,631
<b>Total in-kind contributions</b>	<b>\$ 2,578,596</b>	<b>\$ 3,103,733</b>

The program supplies category includes donations of classroom material and supplies.

The professional services category includes the services of attorneys, speech therapists, dentists, and doctors.

Facilities is comprised of land and building space and is needed to operate the programs administered by ECMHSP. The revenue is calculated based on estimated fair market rental values of space used.

ECMHSP also receives support from volunteers and other local agencies and individuals whose contributions do not meet the criteria for recognition as stated in Note 2. Therefore, the value of these contributions is not included in the financial statements.

## East Coast Migrant Head Start Project Notes to Financial Statements

### Note 10: CONCENTRATIONS OF CREDIT RISK

#### *Cash*

The provisions of FASB ASC 825-10-50-21, Financial Instruments, identify deposits in excess of federally insured limits as a concentration of credit risk requiring disclosure, regardless of the degree of risk. At times, ECMHSP has on deposit funds in excess of the FDIC maximum coverage of \$250,000. ECMHSP manages these risks by maintaining all deposits in high quality financial institutions.

#### *Funding*

Approximately 99% of ECMHSP's grant revenues were provided by the U.S. Department of Health and Human Services for fiscal years 2021 and 2020.

### Note 11: CONTINGENCIES

ECMHSP relies on funding from federal sources. Discontinuation of, or a significant reduction in the level of this funding would directly impact ECMHSP's activities and programs.

At times, ECMHSP is involved in litigation and claims arising in the ordinary course of business. In the opinion of legal counsel, the range of potential recoveries or liabilities in excess of insurance coverage, if any, is not reasonably determinable and no loss contingencies have been recorded.

### Note 12: COMMITMENTS

ECMHSP has operating leases associated with most, but not all, of its administrative offices, regional direct service offices, direct service centers, transportation yards and certain equipment. The leases expire in various years through 2036.

Minimum lease payments under noncancellable operating leases are as follows:

*For the years ending December 31,*

2022	\$ 1,064,977
2023	758,789
2024	734,055
2025	652,738
2026	654,934
Thereafter	1,064,911
<hr/>	
Total future minimum lease payments	\$ 4,930,404

Rent expense for the years ended December 31, 2021 and 2020 was \$1,951,265 and \$1,878,024, respectively.

## East Coast Migrant Head Start Project Notes to Financial Statements

### **Note 13: RETIREMENT PLAN**

ECMHSP has a 403(b) plan that covers substantially all employees who meet eligibility requirements. ECMHSP contributes to the plan based on a percentage of gross wages paid and a discretionary match of 5%. ECMHSP's contribution to the retirement savings plan for years ended December 31, 2021 and 2020, including match funds, was \$2,122,425 and \$2,050,119, respectively.

### **Note 14: UNCERTAINTIES**

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the operating activities and results of ECMHSP. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.

### **Note 15: LINE OF CREDIT**

ECMHSP has a \$1,000,000 revolving line of credit, of which \$1,000,000 was unused at December 31, 2021. Accrued interest is payable monthly and outstanding principal is due in full at the date of maturity. The note carries an interest rate equal to the sum of the Daily LIBOR Rate plus 225 basis points (2.25%). The line of credit is secured by substantially all assets of ECMHSP.

**East Coast Migrant Head Start Project  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2021**

Federal Grantor/Pass-Through Grantor/Program Title	Assistance		Passed Through to Subrecipients	Expenditures
	Listing Number	Pass-Through Grantor No.		
<b>U.S. Department of Health and Human Services</b>				
Direct programs				
Head Start Grant No. 90CM009839-02-00 *	93.600	N/A	\$ 4,251,641	\$ 41,853,814
COVID-19 Head Start Grant No. 90CM009839-02-C3*	93.600	N/A	-	142,779
COVID-19 Head Start Grant No. 90CM009856-01-C3*	93.600	N/A	-	18,834
Head Start Grant No. 90HM000021-02-00 *	93.600	N/A	-	1,639,305
Head Start Grant No. 90CM009856-01-00 *	93.600	N/A	-	5,112,370
Head Start Grant No. 90CM009839-03-00 *	93.600	N/A	485,271	8,212,887
COVID-19 -ARPA Head Start Grant No. 90HN000013-05-C6 *	93.600	N/A	-	435,870
Head Start Grant No. 90WM000024-01-00*	93.600	N/A	-	13,178
COVID-19 -CRRSA Head Start Grant No. 90HN000013-05-C5 *	93.600	N/A	138,066	670,731
Subtotal for 93.600			4,874,978	58,099,768
Direct programs				
Head Start Disaster Recovery from Hurricane				
Harvey, Irma and Maria No. 90ND000001-01-00 *	93.356	N/A	-	2,187,295
Total Head Start Cluster			4,874,978	60,287,063
Total U.S. Department of Health and Human Services			4,874,978	60,287,063
<b>U.S. Department of Agriculture</b>				
Passed through State of Florida				
Department of Health and Human Services				
Child and Adult Care Food Program (CACFP)	10.558	S-83	-	638,497
Passed through State of North Carolina				
Department of Health and Human Services				
Child and Adult Care Food Program (CACFP)	10.558	6705	-	150,487
Passed through State of South Carolina				
Department of Social Services				
Child and Adult Care Food Program (CACFP)	10.558	C113309F	-	8,282
Passed through State of Virginia				
Department of Health				
Child and Adult Care Food Program (CACFP)	10.558	60198	-	22,230
Passed through State of Alabama				
Department of Education				
Child and Adult Care Food Program (CACFP)	10.558	APN-0000	-	93,223
Subtotal for 10.558			-	912,719
Total U.S. Department of Agriculture			-	912,719
Total Federal Expenditures			\$ 4,874,978	\$ 61,199,782

\* Head Start Cluster

## **East Coast Migrant Head Start Project Notes to Schedule of Expenditures of Federal Awards**

### **Note 1: BASIS OF ACCOUNTING**

This accompanying Schedule of Expenditures of Federal Awards (the "Schedule") was prepared on the modified accrual basis of accounting. The modified accrual basis differs from the full accrual basis of accounting in that expenditures for property, and equipment are expensed when incurred, rather than being capitalized and depreciated over their useful lives, and expenditures for the principal portion of debt service are expensed when incurred rather than being applied to reduce the outstanding principal portion of debt which conforms to the basis of reporting to grantors for reimbursement under the terms of ECMHSP's federal grants.

### **Note 2: INDIRECT COST**

ECMHSP has not elected to use the 10% de Minimis indirect cost rate for the fiscal year ended December 31, 2021.

### **Note 3: BASIS OF PRESENTATION**

The amounts reported in the Schedule were obtained from ECMHSP's general ledger. Because the Schedule presents only a selected portion of the operations, it is not intended to and does not present the financial positions, changes in net assets and cash flows of ECMHSP.

For purposes of the Schedule, federal awards include all grants, contracts, and similar agreements entered into directly with the federal government and other pass-through entities. Payments received for goods or services provided as a vendor do not constitute federal awards for purposes of the Schedule. ECMHSP has obtained Assistance Listing Numbers (ALN) to ensure that all programs have been identified in the Schedule. ALN's have been appropriately listed by applicable programs. Federal programs with different ALN's that are closely related because they share common compliance requirements are defined as a cluster by the Uniform Guidance. One cluster was identified in the schedule as follows:

#### **Head Start Cluster**

This cluster provides awards to promote school readiness of low-income children (including American Indians, Alaska Natives, and migrant and seasonal farm workers) by enhancing children's cognitive, social and emotional development.

### **Note 4: RELATIONSHIP OF THE SCHEDULE TO PROGRAM FINANCIAL REPORTS**

The amounts reflected in the financial reports submitted to the awarding federal and/or pass-through agencies and the Schedule may differ. Some of the factors that may account for any difference include the following:

## **East Coast Migrant Head Start Project Notes to Schedule of Expenditures of Federal Awards**

### **Note 4: RELATIONSHIP OF THE SCHEDULE TO PROGRAM FINANCIAL REPORTS (Continued)**

- ECMHSP's fiscal year end may differ from the programs year-end.
- Accruals recognized in the Schedule, because of year-end procedures, may not be reported in the program financial reports until the next program reporting period.
- Fixed asset purchases and the resultant depreciation charges may be recognized as fixed assets in ECMHSP's financial statements and as expenditures in the program financial reports and the Schedule.

### **Note 5: FEDERAL AND STATE PASS-THROUGH FUNDS**

ECMSHP is also the sub-recipient of federal and state funds that have been subjected to testing and are reported as expenditures and listed as federal or state pass-through funds. Federal awards other than those indicated as "pass-through" are considered direct.

### **Note 6: CONTINGENCIES**

Grant monies received and disbursed by ECMHSP are for specific purposes and are subject to review by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. ECMHSP does not believe that such disallowance, if any, would have a material effect on its financial position. As of December 31, 2021, there were no material questioned or disallowed costs as a result of grant audits in process or completed.

### **Note 7: NONCASH ASSISTANCE**

ECMHSP did not receive any federal noncash assistance for the fiscal year ended December 31, 2021.

### **Note 8: SUBRECIPIENTS**

ECMHSP provided federal funds to subrecipients under ALN 93.600 totaling \$4,874,978 for the year ended December 31, 2021.

### **Note 9: LOANS AND LOAN GUARANTEES**

ECMHSP did not have any loans or loan guarantee programs required to be reported on the Schedule for the fiscal year ending December 31, 2021.

### **Note 10: FEDERALLY FUNDED INSURANCE**

ECMHSP did not have any federally funded insurance required to be reported on the Schedule for the fiscal year ending December 31, 2021.

**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 *GOVERNMENT AUDITING STANDARDS***

Board of Directors  
East Coast Migrant Head Start Project  
Raleigh, North Carolina

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 East Coast Migrant Head Start Project (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated July 22, 2022.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered East Coast Migrant Head Start Project'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 East Coast Migrant Head Start Project's internal control. Accordingly, we do not express an opinion on the effectiveness of the East Coast Migrant Head Start Project'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 East Coast Migrant Head Start Project's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

*Carr, Riggs & Ingram, L.L.C.*

CARR, RIGGS & INGRAM, L.L.C.

Enterprise, Alabama  
July 22, 2022



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

Board of Directors  
East Coast Migrant Head Start Project  
Raleigh, North Carolina

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

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

We have audited East Coast Migrant Head Start Project'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 East Coast Migrant Head Start Project's major federal programs for the year ended December 31, 2021. East Coast Migrant Head Start Project'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, East Coast Migrant Head Start Project 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 East Coast Migrant Head Start Project 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 East Coast Migrant Head Start Project'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 East Coast Migrant Head Start Project's federal programs.

### ***Auditors' 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 East Coast Migrant Head Start Project'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 East Coast Migrant Head Start Project'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 East Coast Migrant Head Start Project'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 East Coast Migrant Head Start Project'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 East Coast Migrant Head Start Project'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.

*Carr, Riggs & Ingram, L.L.C.*

CARR, RIGGS & INGRAM, L.L.C.

Enterprise, Alabama

July 22, 2022

**East Coast Migrant Head Start Project  
Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 2021**

**Section I - Summary of Auditors' Results**

***Financial Statements***

- |  |               |
|--|---------------|
| 1. Type of auditors' report issued   | Unmodified    |
| 2. Internal control over financial reporting:                                    |               |
| a. Material weaknesses identified?   | No            |
| b. Significant deficiencies identified not considered to be material weaknesses? | None reported |
| c. Noncompliance material to the financial statements noted?                     | No            |

***Federal Awards***

- |  |               |
|--|---------------|
| 1. Type of auditors' report issued on compliance for major programs  | Unmodified    |
| 2. Internal control over major programs:   |               |
| a. Material weaknesses identified?   | No            |
| b. Significant deficiencies identified not considered to be material weaknesses?                             | None reported |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2CFR section 200.516(a)? | No            |
| 4. Identification of major programs  |               |

**Assistance Listing**

Number	Federal Program
93.356 and 93.600	Head Start Cluster

- |  |             |
|--|-------------|
| 5. Dollar threshold used to distinguish between type A and type B programs | \$1,835,993 |
| 6. Auditee qualified as low-risk under 2CFR 200.520                        | No          |

**Section II – Financial Statement Findings**

There are no findings to report.

**Section III – Federal Award Findings and Questioned Costs**

There are no findings or questioned costs to report.

**East Coast Migrant Head Start Project  
Summary Schedule of Prior Audit Findings  
For the Year Ended December 31, 2021**

<b>Finding</b>	<b>Status</b>
Financial Statement Findings	
2020-001	Corrected.
Federal Award Findings and Questioned Costs	
2020-002	Corrected.