

ANNUAL REPORT 2017 - 2018



KIDS CENTRAL, INC.

P.O. BOX 661 NORTON VA 24273

HEAD START

**WISE & DICKENSON COUNTIES
AND THE CITY OF NORTON**

EARLY HEAD START

**WISE COUNTY AND THE CITY OF
NORTON**

Kids Central, Inc. Annual Report 2017-2018

This report has been prepared in order to comply with the Head Start Reauthorization Act of 2007. The Act states that:

“Each Head Start agency shall make available to the public a report published at least once in each fiscal year that discloses the following information from the recently concluded fiscal year, except that reporting such information shall not reveal personally identifiable information about an individual child or parent:

- (A) The total amount of public and private funds received and the amount from each source.
- (B) An explanation of budgetary expenditures and proposed budget for the fiscal year.
- (C) The total number of children and families served, the average monthly enrollment (as a percentage of funded enrollment), and the percentage of eligible children served.
- (D) The results of the most recent review by the Secretary and the financial audit.
- (E) The percentage of enrolled children that received medical and dental exams.
- (F) Information about parent involvement activities.
- (G) The agency’s efforts to prepare children for kindergarten.
- (H) Any other information required by the Secretary.”

Mission Statement

To embrace our children, teach our children, and inspire our children

Vision Statement

We envision Kids Central, Inc. as a leader in providing high quality community-based educational services to meet the needs of our children, families and community.

Values Statement

Service - We are committed to the highest standards of quality in our programs and operations. We promote courtesy, and dedication in our classrooms and administrative community.

Integrity - We will maintain loyalty to our Mission and the highest standards of ethical and professional character within a supportive work community. We work honorably and justly in all pursuits.

Innovation - We provide leadership in the development of solutions to address problems for children and their families; and encourage creative visionary ideas from our staff, volunteers, and our community.

Respect - We will maintain respect for the worth and dignity of all persons with whom we work and serve.

Diversity - We will maintain employment policies and provide services that promote cultural diversity, inclusion, and that capitalize on the strength of our program, while pursuing our mission.

Stewardship - We will be diligent, responsible stewards of financial and human resources while maintaining resources to address the needs of our constituents.





Serving The Head Start Community Since 1965

Kids Central, Inc. (KCI) is a private, non-profit 501(c) (3) corporation and a grantee of the Head Start Bureau. KCI currently operates a Head Start grant, funded to serve 272 children and families in Wise County, Dickenson County, and the City of Norton, Virginia. KCI also operates an Early Head Start grant, funded to serve 116 pregnant women, infants, and toddlers in Wise County and the City of Norton.

Kids Central operates two program types; Early Head Start (EHS) and Head Start (HS). Early Head Start serves pregnant women and infants to 36 months of age. Head Start serves children 3 years old to school age.

We have two program options for each program type: Home base services and center base services. Home base services provide all the EHS and HS services in your home; 1 ½ hours during each week. Pregnant women are only served in the home base program option. 72 children and their families are served in our Early Head Start home base option and 72 children and their families are served through the Head Start home base option.














Center base services provide all the EHS and HS services to children ages one month to school age in a family friendly classroom environment. Kids Central serves 44 Early Head Start children in centers and 184 Head Start children in classrooms.

Early Head Start operates year round (full year) programs. In Head Start we offer both full year and part year (operate Aug – May) options. Waiting lists are maintained for all program options.



KIDS CENTRAL, INC.

BOARD OF DIRECTORS

	<p>Will Sturgill President 150 Ridgefield Rd. Wise, VA 24293 W 276-328- 8600</p>		<p>Paula Herron Vice President 5111 Kent Junction Rd. Norton, VA 24273 276-2192355</p>		<p>Thomas Williams Secretary 1930 Main Ave. SW Norton VA 24273 276-337-4012</p>
	<p>Harry Childress Treasurer P.O. Box 494 Clintwood, VA 24228 276-679-0804</p>		<p>Bill Dotson 5727 Rock Bar Road Wise VA 24293 H: 328-8116 W: 523-4202 C: 393- 0494</p>		<p>Sherry Tabor 119 Hill St. Jonesville Va. 24263 H: 276-346-0054</p>
	<p>Sr. Bernie Kenney 194 Number 10 St. Clinchco, VA 24226 276-835-9312</p>		<p>Ed Hutchinson 243 Hamblen St. Big Stone Gap, VA 24219 276-523-4033</p>		<p>Ron Kendrick P.O. Box 1408 Clintwood, VA 24288 276-926-5602</p>
	<p>Jeff Kiser PO Box 700 Coeburn, VA 24230 276-337-9694</p>		<p>Rhonda Bennett 1431 Duff Pat Hwy Duffield, VA 24244 276-870-4723</p>		<p>Whitney Scott PO Box 693 Wise, VA 24293 276-393-0140</p>
			<p>Ida Mullins PO Box 2686 Wise, VA 24293</p>		

KIDS CENTRAL, INC.

POLICY COUNCIL

PC Leadership 2017-2018

Left to Right:

Vernon Rose, Jr. – Chairman

Tabitha Vanover – Treasurer

Melissa Adkins – Secretary

Norman Calvert – Vice Chairman



Policy Council representatives and alternatives are elected by parent groups of each center and home base caseload during the month of September. During the Policy Council annual training event in October, all members are seated and the members elect officers. The training includes a lengthy day of training in the Policy Council's roles and responsibilities as defined by the Head Start Performance Standards.

The Policy Council is comprised of 38 members. Fifty-one percent of the Policy Council must be comprised of current Head Start parents. The remaining membership is comprised of community representatives. The Policy Council meets on the second Wednesday of each month.

Kids Central, Inc. Head Start & Early Head Start School Readiness Goals

School Readiness Goals:

- All children will demonstrate age appropriate development in fine motor skills.
- All children will obtain and maintain age appropriate preventive and primary health care.
- Children will engage in and maintain age appropriate constructive social and emotional relationships with peers.
- Children will engage in and sustain age appropriate creative and imaginative expression skills.
- All children will engage in and maintain age appropriate vocabulary development.
- Children will engage in and maintain age appropriate phonological skills such as alphabet recognition, name writing, print and word awareness skills.
- Children will engage in and maintain age appropriate mathematical skills such as, number word and symbol recognition, counting including one-to-one correspondence, quantities, ordinal order and part-whole relationships, shapes, spatial awareness, measuring, and patterns.
- Children will engage in and maintain age appropriate science skills such as, classifying, experimenting, predicting outcomes, drawing conclusions and communicating their ideas about characteristics of things.

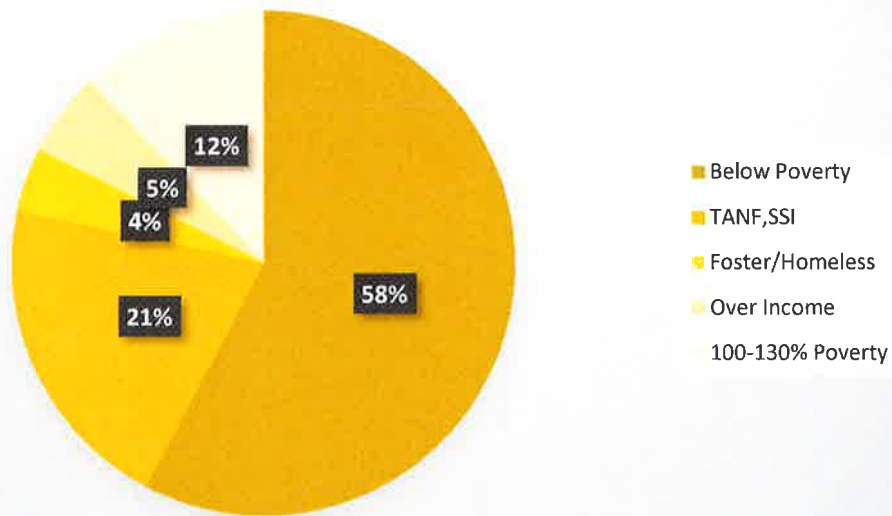
ENROLLMENT

FUNDED ENROLLMENT: HS- 256 EHS- 116

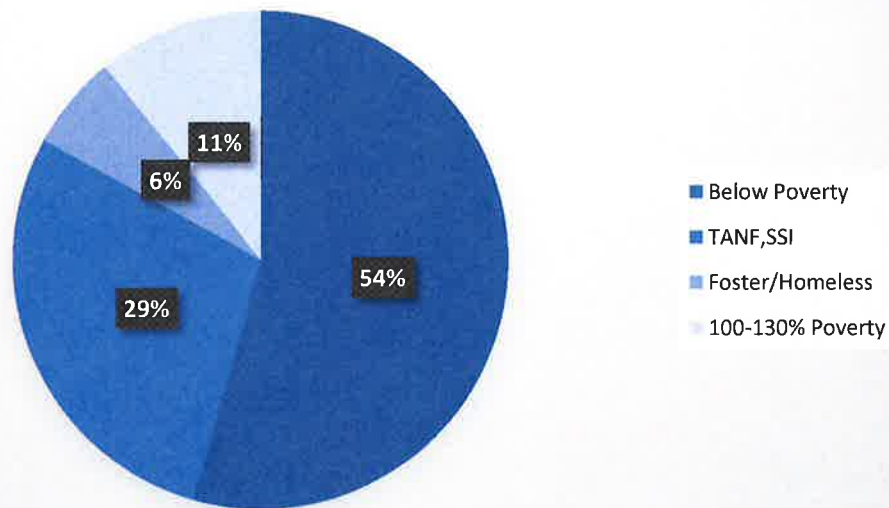
HEAD START CUMULATIVE ENROLLMENT: 296

EARLY HEAD START CUMULATIVE ENROLLMENT: 147

Head Start Enrollment by Eligibility



Early Head Start Enrollment by Eligibility



MEDICAL/DENTAL SERVICES

100% EHS RECEIVED ONGOING, CONTINUOUS HEALTH CARE DURING ENROLLMENT

****13% OF EHS ENROLLMENT WAS PREGNANT WOMEN***

99% OF HS RECEIVED ONGOING, CONTINUOUS HEALTH CARE DURING ENROLLMENT



100% OF ALL EHS & HS CHILDREN HAD A DENTAL HOME DURING THE 2017-2018 PROGRAM YEAR.

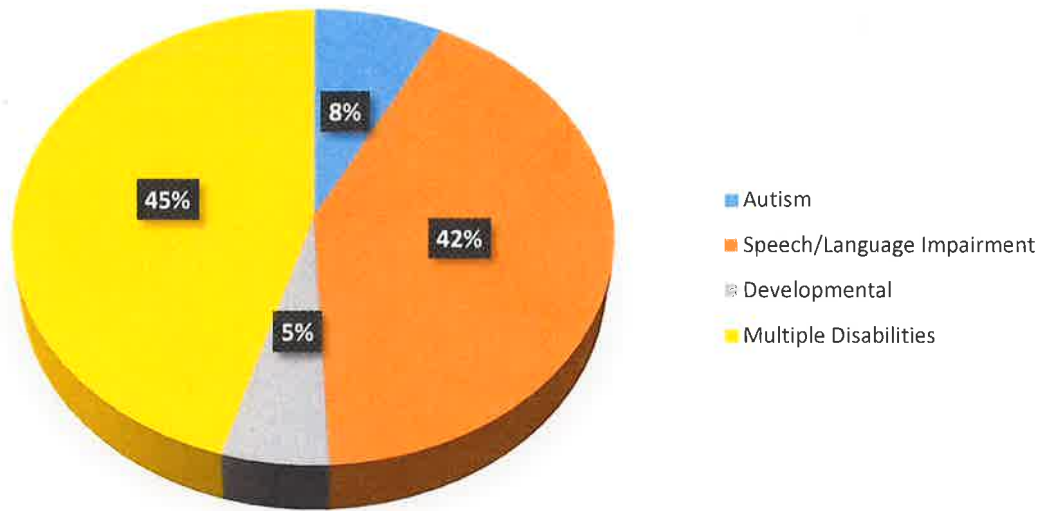
87% OF HS CHILDREN AND 88% OF EHS CHILDREN RECEIVED A PREVENTATIVE DENTAL EXAM

46/55 CHILDREN (83%) OF THE CHILDREN REQUIRING DENTAL TREATMENT RECEIVED THE NECESSARY TREATMENT DURING THE 2017-2018 PROGRAM YEAR.

DISABILITIES

HS STUDENTS ENROLLED WITH DISABILITIES: 38

Head Start Enrollment by Disability



24 EARLY HEAD START CHILDREN AND FAMILIES RECEIVED EARLY INTERVENTION SERVICES FROM THE LOCAL PART C AGENCY, AS SPECIFIED IN THEIR INDIVIDUALED FAMILY SERVICE PLAN (IFSP).

EDUCATION

Kids Central, Inc. partners with Wise and Dickenson Counties and the City of Norton school districts to provide high quality Pre-Kindergarten educational services. Head Start parents and teachers work together to ensure each child receives individualized instruction that responds to his/her unique characteristics, strengths, and needs. Instruction is designed to develop the social-emotional, physical, language and cognitive skills of all children.

CURRICULUM

Curriculum: Kids Central's governing bodies and parent representatives chose the following curriculums:

Program Options	Curriculum Selected
Early Head Start Center-Based	HighScope Infant-Toddler Curriculum (HS-ITC)
Early Head Start Home-Based	FSU Partners for a Health Baby Curriculum (FSU-PHB)
Head Start Center-Based	HighScope Preschool Curriculum (HS-PC)
Head Start Home-Based	Growing Great Kids for Preschoolers (GGK-P)

PARENT CONFERENCE & HOME VISITS

Head Start teachers completed two home visits and two Parent/Teacher conferences for each enrolled child. Home Visits and Parent/Teacher conferences offer parents the opportunity to share concerns, enhance observational skills, knowledge, and understanding of the educational and developmental needs and activities of their child. The teacher discusses the child's strengths and needs and receives parent input.

SCREENINGS

Kids Central, Inc. used Ages & Stages 3 (ASQ-3) and Ages & Stages - Social/Emotional (ASQ:SE-2) as well as Temperament and Atypical Behavior Scale (TABs) to ensure all children received developmental and social - emotional screenings. In addition, each child was given a hearing and vision screening during the first 45 days of enrollment. Kids Central is also able to screen for hemoglobin with the noninvasive PRONTO machine.

CHILD ASSESSMENT

Head Start teachers use COR (Child Observation Record) Advantage to provide ongoing assessments to track children's development and progress throughout the year. Part Year enrolled children are assessed 3 times per year while full year enrolled children are assessed 4 times per year. Formal assessment tools are research based and in alignment with the Head Start Child Development and Early Learning Framework. Children were assessed in the following areas: language, literacy and communication, mathematics, science and technology, social studies, physical development and health, social and emotional development, approaches to learning, creative arts and language development for English Language Learners (ELL). The Child Observation Record (COR) Advantage is used to assess student's levels and progress during the course of the year. COR scores are measured from the simplest to the most complex skills on a scale of 0 to 7.

TRANSITION

Planning for transitions begin immediately after enrollment in the Early Head Start or Head Start program option. All infants, toddlers, and preschoolers enrolled at Kids Central begins discussing enrollment options and the family's current plan for transition at the first home visit. Transition plans are reviewed and/or updated during each parent conference and the second home visit. A parent conference is completed at least 6 months prior to any child transitioning and a child transitioning from Early Head Start to Head Start meets with a Family Advocate to complete a Head Start application no later than three months prior to the anticipated transition. This meeting with the Family Advocate will inform the family of eligibility for Head Start and what program options and locations are available based on eligibility status. Once this determination has been made the Family Advocate will discuss with education staff the next steps for the transition plan.

Toddlers transitioning to Head Start will begin visiting their future classroom and meeting staff or scheduling times to meet their home-based teacher. Toddlers that are transitioning to another preschool option will be given support by the family services staff to arrange for visitation and assistance completing any required paperwork before the child transitions. Early Head Start classroom staff implement transition activities in the classroom based on the child's anticipated plan for transition. Every effort is made to ensure that Early Head Start families wanting to enroll in Head Start have the opportunity to do so.

When a preschool age child enrolls at Kids Central, they are given a transition backpack. Backpack include crayons, construction paper, drawing paper, pencils, glue, and child scissors. The items are replaced throughout the program year and as requested by the family. Teachers and home visitor encourage families to use the backpack items with their child to enhance learning. Kids Central has Memorandum of Understanding with each local public-school system that includes transition services. Kids Central offers a variety of transition activities for preschool children transitioning to a public preschool, Kindergarten or home setting. A parent conference is completed at least 6 months prior to any child transitioning and each child's transition plan is individualized upon the setting the child is transitioning to. Kids Central supports the 3-year olds that transition to a public pre-k classroom by informing the family of registration dates and requirements for enrollment. Kids Central gives the family any copies of documentation needed for a successful transition. Children transitioning to Kindergarten are offered additional activities

to prepare the family for transition from Head Start to a Kindergarten classroom setting. Kasey's Academy was developed by Kids Central in order to give parents and their child additional educational field trips to allow the family more bonding time and give the future Kindergartener more opportunity for developmental enhancement and independence. Classroom staff help prepare transitioning Kindergarten children by reading books and scheduling trips to the primary school the child will attend. This on-site visit allows the child to become familiar with the environment and introduces them to the new routine they will soon be following. Transition packets are developed for children going to kindergarten. The transition pack includes Virginia's kindergarten standards of learning (SOLS), along with many activities to continue learning during summer break before kindergarten.

NUTRITION SERVICES

Providing nutritious meals to children is a fundamental Head Start service. Did you know that nutrition was one of the founding Head Start principles? According to the book *"Project Head Start, A Legacy on the War on Poverty,"* by Professor Edward Zigler, the effects of malnutrition on the intellectual development of mentally retarded children led those responsible for running the War on Poverty to theorize that perhaps there were similar effects on low-income children. Today family lives are more hectic and there is less time to get together for meal times. So meals served to children in Head Start are still as important now as they were when the program was founded.



The first guidelines of the Head Start nutrition program focused on the importance of providing children with nourishing food and opportunities to promote intellectual and social development. The important role of parents in their children's nutrition was also stressed. Over time the nutrition component evolved to include nutrition education to children, parents, and staff; nutrition staff qualifications; community nutrition problems and resources; and introducing a variety of foods to young children.

Today, providing nutrition services in Head Start is becoming increasingly more complex. We are constantly being presented with new and, at times, conflicting information about what constitutes a healthy diet and how best to achieve a healthy lifestyle.

"Nutrition Services in Head Start... Then and Now." Brocato, Robin. Head Start Bulletin #48. DHHS/ACF/ACYF/HSB. 1993.

Kids Central, Inc. assists families in meeting each child's nutritional needs while promoting the development of good-eating habits and a healthy lifestyle. Kids Central, Inc. provides food services year-round to all enrolled children. These services include breakfast, morning snacks, lunch and an afternoon snack. Also included is food for field trips, socialization activities and special events. The children are served "family style" meals where all children and the staff eat together as a family with the food placed in serving bowl and plates for the children to assist with the meal.

Kids Central Inc. participates in the U.S.D.A. Child and Adult Care Food Program providing a wide variety of wholesome foods on a 15 day cycle menu. These menus are developed by the Food Service Specialist and approved through the Virginia Department of Health by Karen Baker, R.D. All meals are served family style with the children serving themselves with the staff eating with the children. Kids Central, Inc. currently has 3 Full Year Head Start classrooms, 11 Part Year classrooms, 6 Early Head Start classrooms. We also serve children in their homes with 6 Head Start Home Base and 6 Early Home Base Programs. Parents receive Kids Central's Nutrition Nuggets monthly including nutritional information and helpful hints to provide them with the knowledge of healthier eating habits. The children also have Classroom Cooking experiences. These events are done as part of the ongoing curriculum to enhance the child's total all round growth and to broaden their sense of community and diversity.



PARENT, FAMILY & COMMUNITY ENGAGEMENT

Kids Central, Inc. program uses a family centered approach to provide support services, partnering with parents to advance the Parent, Family and Community Engagement (PFCE) efforts. Family and community support services are designed to assist the family in developing skills necessary to identify their own goals and effectively utilize community resources to help achieve those goals.

In order to enhance our parent engagement efforts, Kids Central, Inc. adopted and implemented a Parent, Family & Community Engagement Framework (PFCE) Plan of Action. Head Start's PFCE Framework approach is designed to help programs achieve outcomes that lead to positive and long-lasting changes for children and families. Kids Central's PFCE Plan of Action identified specific outcomes, timeframes, action steps, resources, and measures of success, and aligns with the seven components of the PFCE Framework:

1. Family Well-Being
2. Positive Parent-Child Relationships
3. Families as Lifelong Educators
4. Families as Learners
5. Family Engagement in Transition
6. Family Connections to Peers and Community
7. Families as Advocates and Leaders

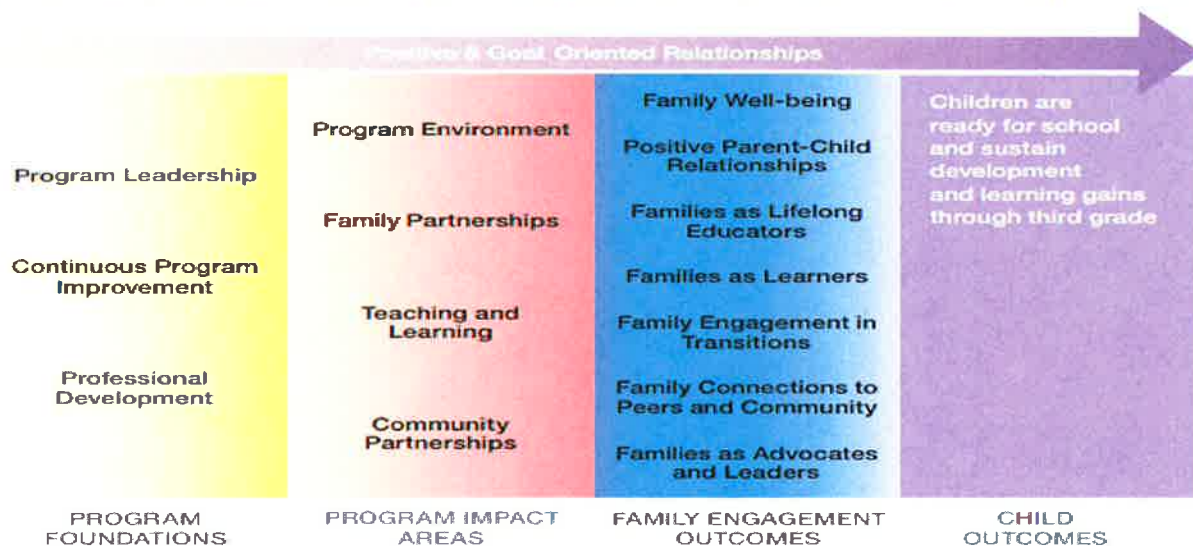
Recognizing the critical role of parents as the child's first teacher, the program provides a variety of opportunities for parent engagement and leadership. These activities promote parent engagement in their child's education, advocacy, and the development of relationships among peers and the community.

At Kids Central, Inc., parents are engaged in their child's education. Parents are given ideas to increase involvement with their children, such as:

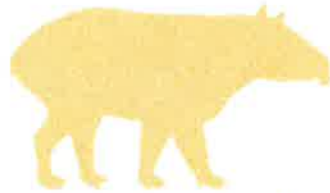
- *Contributing to their child's individual goal development by completing of developmental screenings throughout the program year.
- *Following through on home activities designed with teaching staff to help children meet individual goals.
- *Providing ideas for implementation of curriculum goals throughout the program year.
- *Participating in the literacy goals through home activities.
- *Volunteering in the classroom.
- *Participating in home visits and parent/teacher conferences throughout the year.
- *Ensuring their child attends class on a regular basis.
- *Communicating with classroom staff regarding home events that may effect the child's classroom performance.
- *Participating in Family Day events.
- *Participating in parent and child activities in the classroom.
- *Visiting the classroom during mealtime.
- *Participating in the continuous self-assessment of the program.
- *Serving on the Policy Council.
- *Participation in various training.
- *The Nurturing Parenting Program (Parenting Curriculum)
- *FUDGE night for fatherhood involvement
- *GAME night for mommy and me time

PARENT, FAMILY, AND COMMUNITY ENGAGEMENT FRAMEWORK

When parent and family engagement activities are systemic and integrated across program foundations and program impact areas, family engagement outcomes are achieved, resulting in children who are healthy and ready for school. Parent and family engagement activities are grounded in positive, ongoing, and goal-oriented relationships with families.



KIDS CENTRAL FAMILY ENGAGEMENT PROGRAM



GRAY FOSSIL SITE



**Please join KCI
for a **GAME**
Night of
painting fun!**

Every thing is
FREE and dinner
will be served!

When:
11-7-18 and
11-8-18

Time: 5:30 pm - 7:30 pm
painting supplies and canvas will be provided

Where: Kids Central Inc. Main Office
15 Esserville Road
Martinsburg, VA 24273

Who is invited?
Any enrolled head start children and a female
role model in their life...
**Grandmothers, Aunts, Mothers
and Everyone Else.**



GAME night- a night of painting fun to show appreciation for all the grandmother, aunts, moms and every other female role model in our infant, toddler and preschoolers lives.



During each year, KCI hosts family involvement events in the community to promote togetherness. KCI hosted movie night at the Central Drive-In Norton, VA. Family and staff viewed a movie on the big screen and enjoyed a night of togetherness. Over 600 people attended this event.



Families engaged in a FUDGE (Fathers Uncles Dads Granddads and Everyone else) wood working night. Each family attending enjoyed a spaghetti dinner, built and painted a wooden model of their choice.



KCI hosted a Scholastic Book Fair this past year as well. Families were able to take advantage of purchasing books buy one get one free!



The "End of the Year Blast" was an overwhelming success this past year as well. KCI provides a day of education and fun to over 800 children and families combined! This years theme was Super KCI!



Kids Central, Inc.
5345 Esserville Road
P.O. Box 661
Norton, VA 24273
276-679-0514

**Serving: Wise and Dickenson Counties and the City of
Norton**

**A SPECIAL THANKS TO THE FOLLOWING BUSINESSES AND INDIVIDUALS FOR THEIR SUPPORT
OF OUR HEAD START AND EARLY HEAD START PROGRAM:**

KNOXVILLE ZOO
LOWES OF WISE
MR. GATTIS OF WISE
CINEMA CITY OF NORTON
WAL-MART SUPERCENTER NORTON
PIZZA HUT
PIZZA PLUS
SUZANNA ROBINSON
PETSENSE
FOOD CITY
NORTON FARMERS MARKET
CITY OF NORTON PARKS & REC
TOWN OF BIG STONE GAP PARKS & REC
ANNA SPRIGGS
GRAY FOSSIL MUSEUM
TOWN OF CLINTWOOD

KIDS CENTRAL, INC.

**AUDITED FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

May 31, 2018

KIDS CENTRAL, INC.
FINANCIAL REPORT
YEAR ENDED MAY 31, 2018

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Thomas M. Hicok, CPA, CVA, MAFF^{1, III}
David B. Brown, CPA
Juan J. Garcia, CPA
Karen L. Jackson, CPA
Rodney P. Jackson, CPA^{II}



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Kids Central, Inc.
Norton, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of Kids Central, Inc. (a nonprofit organization), which comprise the statement of financial position as of May 31, 2018, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States 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.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Kids Central, Inc. as of May 31, 2018, 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.

Other Matters

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

The additional supplementary information (Schedule of Functional Expenses and Schedule of Findings, Responses and Questioned Costs) is presented for purposes of additional analysis and is not required part of the financial statements. We did not audit or apply limited procedures to such information, and accordingly we do not express an opinion or provide any assurance on such information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2018, on our consideration of Kids Central, Inc.'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 Kids Central, Inc.'s internal control over financial reporting and compliance.

Hicok, Brown & Company

Hicok, Brown & Company
Certified Public Accountants

November 15, 2018

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

To the Board of Directors of
Kids Central, Inc.
Norton, Virginia

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 Kids Central, Inc. (a nonprofit organization), which comprise the statement of financial position as of May 31, 2018, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 15, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Kids Central, Inc.'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 Kids Central Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Kids Central, Inc.'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 Kids Central, Inc.'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.



Hicok, Brown & Company
Certified Public Accountants

November 15, 2018

Thomas M. Hicok, CPA, CVA, MAFF^{1, III*}
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

The Board of Directors
Kids Central, Inc.
Norton, Virginia

Report on Compliance for Each Major Federal Program

We have audited Kids Central, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Kids Central, Inc.'s major federal programs for the year ended May 31, 2018. Kids Central, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings, responses and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Kids Central, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Kids Central, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Kids Central, Inc., complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended May 31, 2018.

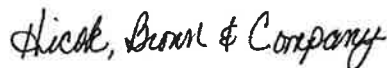
Report on Internal Control Over Compliance

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

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

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

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



Hicok, Brown & Company
Certified Public Accountants

November 15, 2018

Kids Central, Inc.
 Norton, Virginia
 Statement of Financial Position
 May 31, 2018

		TOTAL
<u>ASSETS</u>		
Current Assets:		
Cash and cash equivalents - unrestricted	\$	2,499
Cash and cash equivalents - restricted		89,508
Grants receivable		22,958
Prepaid expenses		23,195
Total Current Assets		138,160
Long-term Assets:		
Property & equipment		2,975,860
Accumulated depreciation		(2,133,950)
Total Long-term Assets		841,910
Total Assets	\$	980,070
<u>LIABILITIES & NET ASSETS</u>		
<u>Liabilities</u>		
Current Liabilities:		
Current portion of notes payable	\$	20,368
Accounts payable		31,365
Accrued payroll		94,634
Accrued expenses		10,781
Total Current Liabilities		157,148
Long-term Liabilities		
Long-term portion of notes payable		637,318
Total Long-term Liabilities		637,318
Total Liabilities	\$	794,466

The Notes to Financial Statements are an integral part of this statement.

Kids Central, Inc.
Norton, Virginia
Statement of Financial Position
May 31, 2018

	<u>TOTAL</u>
<u>Net Assets</u>	
Unrestricted	\$ -
Temporarily restricted	<u>185,604</u>
Total Net Assets	<u>185,604</u>
 Total Liabilities & Net Assets	 <u>\$ 980,070</u>

The Notes to Financial Statements are an integral part of this statement.

Kids Central, Inc.
Norton, Virginia
Statement of Activities
For the Year Ended May 31, 2018

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL AGENCY</u>
SUPPORT & REVENUE:			
Grant income	\$ -	\$ 4,139,675	\$ 4,139,675
Interest	-	492	492
Other income	-	5,590	5,590
In-kind	-	96,245	96,245
Net assets released from restrictions:			
Satisfaction of program restrictions	<u>4,144,694</u>	<u>(4,144,694)</u>	<u>-</u>
TOTAL SUPPORT & REVENUE	<u>4,144,694</u>	<u>97,308</u>	<u>4,242,002</u>
EXPENSES:			
Program expenses	3,670,623	-	3,670,623
General and administrative	474,071	-	474,071
Fundraising	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENSES	<u>4,144,694</u>	<u>-</u>	<u>4,144,694</u>
CHANGE IN NET ASSETS	-	97,308	97,308
NET ASSETS AT BEGINNING OF YEAR	<u>-</u>	<u>88,296</u>	<u>88,296</u>
NET ASSETS AT END OF YEAR	<u>\$ -</u>	<u>\$ 185,604</u>	<u>\$ 185,604</u>

The Notes to Financial Statements are an integral part of this statement.

Kids Central, Inc.
Norton, Virginia
Statement of Cash Flows
For the Year Ended May 31, 2018

	<u>AMOUNT</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 97,308
Adjustment to reconcile changes in net cash used in operating activities:	
Depreciation	67,203
(Increase) decrease	
Grants receivable	(11,036)
Prepaid expenses	(603)
Increase (decrease)	
Accounts payable	(9,434)
Accrued expenses	(8,073)
Accrued payroll	<u>(19,105)</u>
NET CASH PROVIDED (USED) IN OPERATING ACTIVITIES	<u>116,260</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of fixed assets	<u>(92,043)</u>
NET CASH PROVIDED (USED) IN INVESTING ACTIVITIES	<u>(92,043)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Debt repayment	<u>(25,218)</u>
NET CASH PROVIDED (USED) IN FINANCING ACTIVITIES	<u>(25,218)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,001)
CASH AND CASH EQUIVALENTS, BEGINNING	<u>93,008</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 92,007</u>
SUPPLEMENTAL DISCLOSURES	
Cash paid for interest	<u>\$ 34,023</u>

The Notes to Financial Statements are an integral part of this statement.

Kids Central, Inc.
Notes to Financial Statements
May 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Kids Central, Inc. (“the Organization”) is a nonprofit corporation operating Head Start Programs within various localities of Southwest Virginia. The Head Start program provides comprehensive early development for approximately 372 disadvantaged preschool children and their families.

Basis of Accounting

Kids Central, Inc. uses the accrual method of accounting for financial reporting. Under this method, revenues and expenses are reflected in the accounts in the period in which they are considered to have been earned or incurred.

Cash & Cash Equivalents

Cash equivalents consist of highly liquid investments with an initial maturity of three months or less.

USDA requires one year of debt payments to be held in reserve, totaling \$54,732 for current debt amounts held by USDA. The organization is conservative and has \$89,508 held in cash and cash equivalents – restricted to comply with this requirement.

Accounts Receivable

Accounts receivable are stated at unpaid balances. The Organization provides for losses on accounts receivable using the allowance method. It is the Organization’s policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected. As of May 31, 2018, management determined the allowance to be \$0.

Grants Receivable

Receivables in the amount of \$22,958 represent revenue from governmental agencies for funds applicable to the year ended May 31, 2018, which had not been received as of the balance sheet date.

Receivables at May 31, 2018 are as follows:

Head Start	\$	6,686
USDA		<u>16,272</u>
TOTAL	\$	<u>22,958</u>

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

It is the Organization's policy to capitalize property and equipment with a single item cost over \$5,000. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose.

Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long these donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Donated Assets

The Organization recorded donations of items at the estimated fair market value of the items on the date received.

Advertising Costs

The advertising costs of the Organization are expensed as incurred.

Income Taxes

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code, and accordingly no provision for income taxes has been included in these financial statements.

Financial Statement Presentation

Kids Central, Inc.'s financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Codification 958-205. Net assets of the organization are reported based on the existence of donor or grantor imposed restrictions. The following classifications are used to report the net assets of Kids Central, Inc.:

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Temporarily Restricted – The part of the net assets of the organization resulting (a) from inflows of assets whose use by the organization is limited by donor or grantor imposed stipulations that either expires by passage of time or can be fulfilled and removed by actions of the organization pursuant to those stipulations, (b) from other asset enhancements and diminishments subject to the same kinds of stipulations, and from reclassification to or (c) from other classes of net assets as a consequence of donor or grantor imposed stipulations, their expiration by passage of time, or their fulfillment and removal by actions of the organization pursuant to those stipulations.

Unrestricted – The part of net assets of the organization that is not temporarily restricted by donor or grantor imposed stipulations.

The Organization reports grants of cash and other assets as restricted support if they are received with grantor stipulations that limit the use of the grant asset. When the grantor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

Recent Accounting Pronouncements

In January 2016, the FASB issued Accounting Standards Update 2016-01, Financial Instruments: Recognition and Measurement of Financial Assets and Financial Liabilities. ASU 2016-01 requires certain investments to be measured at fair value and changes the impairment assessment approach for those investments; the ASU is effective for fiscal years beginning after December 15, 2018 and is not expected to have a significant impact on the Organization's financial statements.

In August 2016, the FASB issued Accounting Standards Update 2016-14, Not-for-Profit Entities. The ASU requires significant changes to the financial reporting model of organizations who follow FASB not-for-profit rules, including changing from three classes of net assets to two classes, net assets with donor restrictions and net assets without donor restrictions. The ASU will also require changes in the way certain information is aggregated and reported by the Organization, including required disclosures about the liquidity and availability of resources. The new standard is effective for the Organization's year ending May 31, 2019 and thereafter and must be applied on a retrospective basis. The Organization is currently evaluating the impact this standard will have on the financial statements.

Kids Central, Inc.
Notes to Financial Statements
May 31, 2018

NOTE 2 - PROPERTY, PLANT AND EQUIPMENT

	Balance June 1, 2017	Additions	Deletions	Balance May 31, 2018
Equipment	\$ 1,234,627	-	-	1,234,627
Furniture & equipment	700,365	92,043	114,923	677,485
Building	860,514	-	19,070	841,444
Land	222,304	-	-	222,304
TOTAL	<u>\$ 3,017,810</u>	<u>\$ 92,043</u>	<u>\$ 133,993</u>	<u>\$ 2,975,860</u>

Equipment and furniture & fixtures have lives of 2-10 years. Buildings have lives of 39 years.

Depreciation for fixed assets has been provided over the estimated useful lives listed above using the straight-line method. For purchased fixed assets, the cost is used as the basis for depreciation. Donated fixed assets are depreciated using net book value as the basis and remaining useful life for the life of the asset. Depreciation and amortization for the period ended May 31, 2018 amounted to \$67,203.

NOTE 3 – NOTES PAYABLE

For the year ended May 31, 2018 the Organization’s long-term debt consisted of the following:

The principle balance of a 4.75% note payable to USDA,
Rural Development, due in monthly installments
of principle and interest of \$3,883.

This note matures on August 12, 2041. \$ 652,851

The principle balance of a 3.75% note payable to USDA,
Rural Development, due in monthly installments
of principle and interest of \$678.

This note matures on November 12, 2018. 4,835

657,686

Less: Current maturities (20,368)

Long-term debt \$ 637,318

Kids Central, Inc.
Notes to Financial Statements
May 31, 2018

NOTE 3 – NOTES PAYABLE (CONTINUED)

Future scheduled maturities of long-term debt are as follows:

Year Ended May 31,	Amount
2019	20,368
2020	16,537
2021	17,340
2022-2026	100,176
2027-2031	126,972
2032-2036	160,934
2037-2041	206,004
2042	<u>9,355</u>
Total	<u>\$ 657,686</u>

NOTE 4 – RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purpose:

	<u>Amount</u>
Time or purpose restricted for period after May 31, 2018	\$ <u>185,604</u>
TOTAL	\$ <u><u>185,604</u></u>

NOTE 5 – FAIR VALUE OF FINANCIAL INSTRUMENTS

The estimated fair values of financial instruments under FASB Codification 825-10, *Disclosures About Fair Value of Financial Instruments*, as amended by FASB Codification 820-10, are determined based on relevant market information. These estimates involve uncertainty and cannot be determined with precision. The following methods and assumptions are used to estimate the fair value of each class of financial instrument:

The carrying amounts of cash, receivables, prepaids, payables, and accrued expenses on the statement of financial position approximate fair value due to the short-term nature of these items.

The carrying amounts of debt on the statement of financial position approximate fair value, which is estimated on current market rates offered to or by the Organization for similar instruments.

FASB Codification 820-10 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. FASB Codification 820-10 also establishes a fair value hierarchy which requires the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

- Level 1 Quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.
- Level 2 Inputs other than quoted prices included within Level 1 that are observable for assets or liabilities, either directly or indirectly through corroboration with observable market data. Level 2 inputs include (a) quoted prices for similar assets or liabilities in active markets, (b) quoted prices for identical or similar assets or liabilities in markets that are not active, (c) inputs other than quoted prices that are observable for the asset or liability (for example, interest rates and yield curves observable at commonly quoted intervals, volatilities, prepayment speeds, loss severities, credit risks, and default rates), and (d) inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 Unobservable inputs used to measure fair value to the extent that observable inputs are not available and that are supported by little or no market activity for the asset or liability at the measurement date.

Kids Central, Inc.
 Notes to Financial Statements
 May 31, 2018

NOTE 6 – IN KIND

Kids Central, Inc. is required by funding sources to contribute a percent of the cost of the program through cash or in-kind contributions. The contributions for the year ended May 31, 2018 for matching requirements are as follows:

<u>Funding Source</u>	<u>Matching Requirement</u>
Department of Health and Human Services:	
Head Start	\$ 740,546
Early head start	<u>246,849</u>
Total actual match	<u>\$ 987,395</u>

For financial statement reporting, only in-kind income for property, rent, and professional services is reflected. Total in-kind for financial statement reporting is \$96,245. Total in-kind contributions for the year were \$1,015,986.

NOTE 7 – RETIREMENT PLAN

The Organization contributes to a 401-K retirement plan. Under this plan, qualifying employees contribute designated amounts toward the plan. The Organization will contribute matching amounts up to 5% of participating employee's wages. During the year, the Organization's required and actual contributions amounted to \$32,099.

NOTE 8 – SUBSEQUENT EVENTS

Subsequent events have been evaluated as of November 15, 2018, which is the date the financial statements were available to be issued. It was noted that in February 2018, the Organization was notified of a \$56,393 disallowance decision from the Department of Health and Human Services board regarding grant monies disbursed outside of the grant year for unsubstantiated incentive compensation relating to fiscal year 2015. After several unsuccessful appeals, the decision from the Department of Health and Human Services was ultimately upheld on September 20, 2018 and no further appeal would be successful. The Organization has an insurance policy to cover such liabilities and has filed a claim with them to cover this liability; however, the claim has not been paid as of the release of the financial statements. No liability for this amount has been recorded.

SUPPLEMENTARY INFORMATION

Kids Central, Inc.
 Norton, Virginia
 Schedule of Expenditures of Federal Awards
 For the Year Ended May 31, 2018

<u>Federal Grantor/Pass-through Grantor/ Program Title</u>	<u>Federal Catalog Number</u>	<u>Total Federal Expenditures</u>
Department of Health and Human Services:		
Direct Payments:		
Administration for Children, Youth, and Families Head Start	93.600*	<u>\$ 3,949,286</u>
Total Department of Health and Human Services		<u>3,949,286</u>
Department of Agriculture:		
Direct Payments:		
Child and Adult Care Food Program	10.558	<u>190,389</u>
Total Department of Agriculture		<u>190,389</u>
Total Expenditures of Federal Awards		<u>\$ 4,139,675</u>

*Denotes Major Program

Notes to the Schedule of Expenditures of Federal Awards

Note A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Kids Central, Inc. under programs of the federal government for the year ended May 31, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Kids Central, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Kids Central, Inc.

Note B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note C - INDIRECT COST RATE

Kids Central, Inc. has elected not to use the 10% de minimus indirect cost rate allowed under Uniform Guidance.

Kids Central, Inc.
 Norton, Virginia
 Schedule of Findings and Questioned Costs
 For the Year Ended May 31, 2018

I. SUMMARY OF AUDIT RESULTS

FINANCIAL STATEMENTS

Type of Auditor's report issued:	Unmodified
Prepared in accordance with GAAP	Yes
Internal control over financial reporting: Material weakness identified:	No
Significant deficiencies identified:	No
Noncompliance material to financial statements noted:	No

FEDERAL AWARDS

Internal control over major programs: Material weakness identified:	No
Significant deficiencies identified:	No
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance:	None
Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as low-risk auditee	Yes
Identification of Federal Programs:	

<u>PROGRAM</u>	<u>CATALOG NUMBER</u>	<u>FINDINGS</u>	<u>QUESTIONED COST</u>
Head Start	93.600	None	None

II. FINANCIAL STATEMENT FINDINGS

None

III. FEDERAL AWARD FINDINGS

None

IV. STATUS OF PRIOR AUDIT FINDINGS

None

Kids Central, Inc.
Norton, Virginia
Statement of Functional Expenses
For the Year Ended May 31, 2018

Expense Classification	Program Expenses	Management &		Totals
		General	Fundraising	
Advertising	\$ 1,631	\$ 525	\$ -	2,156
Contract services	48,308	22,611	-	70,919
Cost of food and material	178,128	-	-	178,128
Depreciation	67,203	-	-	67,203
Fringe benefits	496,487	73,213	-	569,700
In-kind expenses	96,245	-	-	96,245
Insurance	1,439	62,751	-	64,190
Interest expense	605	33,427	-	34,032
Miscellaneous	4,609	12,038	-	16,647
Payroll taxes	199,736	18,515	-	218,251
Postage	10,846	-	-	10,846
Repairs and maintenance	48,497	-	-	48,497
Rent - space	30,000	-	-	30,000
Salaries and wages	2,136,387	228,627	-	2,365,014
Supplies and equipment	115,785	5,177	-	120,962
Support and parent services	995	-	-	995
Telephone	32,517	-	-	32,517
Transportation	39,661	-	-	39,661
Training and testing	38,978	7,709	-	46,687
Travel and meetings	6,224	63	-	6,287
Utilities	116,342	9,415	-	125,757
	\$ 3,670,623	\$ 474,071	\$ -	\$ 4,144,694