

NURTURE KC

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
with
INDEPENDENT AUDITOR'S REPORT**

March 31, 2022 and 2021

TABLE OF CONTENTS

Independent Auditor’s Report.....	1-3
BASIC FINANCIAL STATEMENTS:	
Statements of Financial Position	4
Statement of Activities - 2022	5
Statement of Activities - 2021	6
Statement of Functional Expenses - 2022	7
Statement of Functional Expenses - 2021	8
Statements of Cash Flows	9
Notes to Financial Statements	10-19
SUPPLEMENTARY INFORMATION:	
Schedule of Expenditures of Federal Awards	21
Notes to Schedule of Expenditures of Federal Awards.....	22
INTERNAL CONTROL AND COMPLIANCE:	
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 <i>Government Auditing Standards</i>	24-25
Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.....	26-28
Schedule of Findings and Questioned Costs	29



INDEPENDENT AUDITOR'S REPORT

Board of Directors
Nurture KC
Kansas City, Missouri

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of the Nurture KC (a nonprofit organization) (“the Organization”), which comprise the statements of financial position as of March 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Nurture KC as of March 31, 2022 and 2021, 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 audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

INDEPENDENT AUDITOR'S REPORT (continued)

Auditor's Responsibility for the Audit of the Financial Statements

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

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

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

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

Supplementary Information

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

INDEPENDENT AUDITOR'S REPORT (continued)

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 6, 2022, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Marr and Company

Marr and Company, P.C.
Certified Public Accountants

Kansas City, Missouri
June 6, 2022

NURTURE KC

STATEMENTS OF FINANCIAL POSITION

As of March 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
<u>Current assets</u>		
Cash and cash equivalents	\$ 126,486	\$ 185,878
Grant receivables	187,502	135,259
Prepaid expenses	<u>7,624</u>	<u>6,080</u>
Total Current assets	321,612	327,217
 <u>Noncurrent assets</u>		
Long-term investments	695,126	667,893
Capital assets, net of accumulated depreciation	<u>8,402</u>	<u>10,122</u>
Total Noncurrent assets	<u>703,528</u>	<u>678,015</u>
TOTAL ASSETS	\$ <u>1,025,140</u>	\$ <u>1,005,232</u>
 LIABILITIES AND NET ASSETS		
<u>Current liabilities</u>		
Accounts payable	\$ 62,711	\$ 93,624
Payroll liabilities	<u>10,373</u>	<u>9,414</u>
Total Current liabilities	73,084	103,038
 <u>Net assets</u>		
Without donor restrictions	923,664	863,033
With donor restrictions	<u>28,392</u>	<u>39,161</u>
Total Net assets	<u>952,056</u>	<u>902,194</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>1,025,140</u>	\$ <u>1,005,232</u>

See Accompanying Independent Auditor's Report and Notes to these Financial Statements.

NURTURE KC

STATEMENT OF ACTIVITIES
For the Year Ended March 31, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>SUPPORT, REVENUE, & OTHER INCOME</u>			
Contributions	\$ 51,920	\$ 72,866	\$ 124,786
Non-cash contributions	39,754	0	39,754
Federal contracts and grants	1,203,547	0	1,203,547
Conference income	11,625	0	11,625
Membership dues	11,925	0	11,925
Net investment earnings	27,439	0	27,439
Other income	<u>1,152</u>	<u>0</u>	<u>1,152</u>
Total Support, revenue & other income	1,347,362	72,866	1,420,228
<u>EXPENSES</u>			
Program services:			
Kansas City Healthy Start Initiative	1,031,555	0	1,031,555
Mid-America Immunization Coalition	127,488	0	127,488
Other community initiatives	<u>29,096</u>	<u>0</u>	<u>29,096</u>
Total Program services	1,188,139	0	1,188,139
Supporting activities:			
Management and general	147,705	0	147,705
Fundraising	<u>34,522</u>	<u>0</u>	<u>34,522</u>
Total Supporting activities	<u>182,227</u>	<u>0</u>	<u>182,227</u>
Total Expenses	1,370,366	0	1,370,366
Net assets released from restrictions	<u>83,635</u>	<u>(83,635)</u>	<u>0</u>
Change in net assets	60,631	(10,769)	49,862
NET ASSETS, BEGINNING OF YEAR	<u>863,033</u>	<u>39,161</u>	<u>902,194</u>
NET ASSETS, END OF YEAR	\$ <u>923,664</u>	\$ <u>28,392</u>	\$ <u>952,056</u>

See Accompanying Independent Auditor's Report and Notes to these Financial Statements.

NURTURE KC

STATEMENT OF ACTIVITIES For the Year Ended March 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>SUPPORT, REVENUE, & OTHER INCOME</u>			
Fundraising event and activities:			
Revenue	\$ 27,773	\$ 0	\$ 27,773
Less: Direct costs	<u>(19,080)</u>	<u>0</u>	<u>(19,080)</u>
Net fundraising revenue	8,693	0	8,693
Contributions	37,641	74,366	112,007
Non-cash contributions	36,030	0	36,030
State contracts and grants	5,853	0	5,853
Federal contracts and grants	1,104,163	0	1,104,163
Membership dues	9,515	0	9,515
Net investment earnings	134,435	0	134,435
Other income	<u>4,391</u>	<u>0</u>	<u>4,391</u>
Total Support, Revenue & Other Income	1,340,721	74,366	1,415,087
<u>EXPENSES</u>			
Program services:			
Kansas City Healthy Start Initiative	952,290	0	952,290
Safe Kids Metro KC	11,319	0	11,319
Mid-America Immunization Coalition	40,837	0	40,837
Other community initiatives	<u>115,806</u>	<u>0</u>	<u>115,806</u>
Total Program services	1,120,252	0	1,120,252
Supporting activities:			
Management and general	163,216	0	163,216
Fundraising	<u>45,732</u>	<u>0</u>	<u>45,732</u>
Total Supporting activities	<u>208,948</u>	<u>0</u>	<u>208,948</u>
Total Expenses	1,329,200	0	1,329,200
Net assets released from restrictions	<u>149,693</u>	<u>(149,693)</u>	<u>0</u>
Change in net assets	161,214	(75,327)	85,887
NET ASSETS, BEGINNING OF YEAR	<u>701,819</u>	<u>114,488</u>	<u>816,307</u>
NET ASSETS, END OF YEAR	\$ <u>863,033</u>	\$ <u>39,161</u>	\$ <u>902,194</u>

See Accompanying Independent Auditor's Report and Notes to these Financial Statements.

NURTURE KC

STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended March 31, 2022

	<u>Program Services</u>			<u>Total</u>	<u>Supporting Activities</u>		<u>Total</u>	<u>Supporting</u>	<u>Total</u>
	<u>Kansas City</u>	<u>Mid-America</u>	<u>Other</u>		<u>Management</u>	<u>Fundraising</u>			
	<u>Healthy Start</u>	<u>Immunization</u>	<u>Community</u>	<u>Program</u>	<u>and</u>				
<u>Expenses:</u>	<u>Initiative</u>	<u>Coalition</u>	<u>Initiatives</u>		<u>General</u>	<u>Fundraising</u>	<u>Activities</u>	<u>Total</u>	<u>Total</u>
Salaries and Wages	\$ 308,343	\$ 51,113	\$ 12,605	\$ 372,061	\$ 87,269	\$ 26,240	\$ 113,509	\$ 485,570	
Payroll Taxes	24,018	3,934	964	28,916	6,613	2,038	8,651	37,567	
Employee Benefits	36,768	6,436	1,739	44,943	17,889	25	17,914	62,857	
Other Personnel Costs	4,305	823	148	5,276	2,806	382	3,188	8,464	
Occupancy	27,864	4,342	1,052	33,258	8,224	2,374	10,598	43,856	
Postage and Delivery	308	95	9	412	111	20	131	543	
Printing and Duplicating	2,248	85	0	2,333	85	499	584	2,917	
Telephone	4,162	464	129	4,755	912	286	1,198	5,953	
Office Supplies & Other Office	3,475	640	565	4,680	1,211	152	1,363	6,043	
Contractors	515,777	52,339	7,500	575,616	0	499	499	576,115	
IT & Equipment Maintenance	11,079	1,508	391	12,978	2,924	919	3,843	16,821	
Travel, Food and Lodging	5,470	582	0	6,052	382	0	382	6,434	
Program Supplies & Other	79,907	3,245	2,652	85,804	1,065	0	1,065	86,869	
Insurance	2,114	315	77	2,506	1,906	196	2,102	4,608	
Advertising and Promotion	1,325	777	423	2,525	644	94	738	3,263	
Professional and Legal Fees	0	0	0	0	13,313	0	13,313	13,313	
Other Operating Expenses	1,727	366	762	2,855	1,557	523	2,080	4,935	
Depreciation	<u>2,665</u>	<u>424</u>	<u>80</u>	<u>3,169</u>	<u>794</u>	<u>275</u>	<u>1,089</u>	<u>4,238</u>	
Total Expenses	<u>\$ 1,031,555</u>	<u>\$ 127,488</u>	<u>\$ 29,096</u>	<u>\$ 1,188,139</u>	<u>\$ 147,705</u>	<u>\$ 34,522</u>	<u>\$ 182,227</u>	<u>\$ 1,370,366</u>	

See Accompanying Independent Auditor's Report and Notes to these Financial Statements.

NURTURE KC

STATEMENT OF FUNCTIONAL EXPENSES For the Year Ended March 31, 2021

	Program Services				Total Program	Supporting Activities		Total Supporting Activities	Total
	Kansas City Healthy Start Initiative	Safe Kids Metro KC	Mid-America Immunization Coalition	Other Community Initiatives		Management and General	Fundraising		
<u>Expenses:</u>									
Salaries and Wages	\$ 240,028	\$ 6,005	\$ 26,614	\$ 33,098	\$ 305,745	\$ 101,386	\$ 30,734	\$ 132,120	\$ 437,865
Payroll Taxes	18,825	482	2,152	2,573	24,032	7,767	2,503	10,270	34,302
Employee Benefits	29,755	892	3,321	5,014	38,982	18,701	147	18,848	57,830
Other Personnel Costs	2,797	48	381	1,269	4,495	1,712	350	2,062	6,557
Occupancy	13,393	46	1,141	18,630	33,210	6,341	1,514	7,855	41,065
Postage and Delivery	347	0	20	36	403	367	111	478	881
Printing and Duplicating	1,046	0	605	100	1,751	0	174	174	1,925
Telephone	2,405	6	185	2,026	4,622	921	201	1,122	5,744
Office Supplies & Other Office	970	12	446	121	1,549	175	84	259	1,808
Contractors	565,751	0	2,500	17,050	585,301	350	1,000	1,350	586,651
IT & Equipment Maintenance	7,723	136	749	4,094	12,702	4,220	1,091	5,311	18,013
Travel, Food and Lodging	1,937	0	193	0	2,130	25	0	25	2,155
Program Supplies & Other	58,164	2,581	130	29,625	90,500	518	0	518	91,018
Insurance	1,476	1,055	132	639	3,302	1,889	208	2,097	5,399
Advertising and Promotion	837	0	1,767	607	3,211	195	98	293	3,504
Professional and Legal Fees	0	0	0	0	0	16,504	0	16,504	16,504
Other Operating Expenses	5,209	26	171	151	5,557	1,463	7,314	8,777	14,334
Depreciation	<u>1,627</u>	<u>30</u>	<u>330</u>	<u>773</u>	<u>2,760</u>	<u>682</u>	<u>203</u>	<u>885</u>	<u>3,645</u>
Total Expenses	\$ <u>952,290</u>	\$ <u>11,319</u>	\$ <u>40,837</u>	\$ <u>115,806</u>	\$ <u>1,120,252</u>	\$ <u>163,216</u>	\$ <u>45,732</u>	\$ <u>208,948</u>	\$ <u>1,329,200</u>

See Accompanying Independent Auditor's Report and Notes to these Financial Statements.

NURTURE KC

STATEMENTS OF CASH FLOWS For the Years Ended March 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ 49,862	\$ 85,887
Adjustments to reconcile changes in net assets to net cash		
Provided by (used in) operating activities:		
(Gain)/Loss on investments	3,014	(113,239)
Depreciation	4,238	3,645
Changes in assets and liabilities:		
(Increase) Decrease in:		
Grant receivable	(52,243)	89,487
Other receivable	0	1,813
Prepaid expenses	(1,544)	(23)
Increase (Decrease) in:		
Accounts payable	(30,913)	(43,769)
Payroll withholdings	<u>959</u>	<u>(2,177)</u>
Net cash from operating activities	(26,627)	21,624
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of property and equipment	(2,518)	(2,317)
Purchase of investments	(36,957)	(180,670)
Sale of investments	<u>6,710</u>	<u>158,115</u>
Net cash from investing activities	<u>(32,765)</u>	<u>(24,872)</u>
Net increase (decrease) in cash and cash equivalents	(59,392)	(3,248)
Cash and cash equivalents, beginning of year	<u>185,878</u>	<u>189,126</u>
Cash and cash equivalents, end of year	\$ <u>126,486</u>	\$ <u>185,878</u>

See Accompanying Independent Auditor's Report and Notes to these Financial Statements.

NURTURE KC

NOTES TO FINANCIAL STATEMENTS
March 31, 2022 and 2021

INDEX

- NOTE 1: ORGANIZATION AND NATURE OF ACTIVITIES
- NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
- A. Basis of Accounting
 - B. Program Services
 - C. Cash and Cash Equivalents
 - D. Financial Instruments and Credit Risk
 - E. Grant Receivables
 - F. Investments
 - G. Property and Equipment
 - H. Estimates
 - I. Income Taxes
 - J. Net Assets
 - K. Revenue Recognition
 - L. Functional Allocation of Expenses
 - M. Concentrations
 - N. Subsequent Events
- NOTE 3: LIQUIDITY AND AVAILABILITY
- NOTE 4: GRANT RECEIVABLES
- NOTE 5: FAIR VALUE MEASUREMENTS AND DISCLOSURES
- NOTE 6: CAPITAL ASSETS
- NOTE 7: NET ASSETS WITHOUT DONOR RESTRICTIONS
- NOTE 8: NET ASSETS WITH DONOR RESTRICTIONS
- NOTE 9: NONCASH CONTRIBUTIONS
- NOTE 10: RETIREMENT PLAN
- NOTE 11: OPERATING LEASE
- NOTE 12: PAYROLL PROTECTION PROGRAM LOAN

NURTURE KC

NOTES TO FINANCIAL STATEMENTS

March 31, 2022 and 2021

NOTE 1: ORGANIZATION AND NATURE OF ACTIVITIES

Nurture KC (the “Organization”) adopted a name change from the Maternal and Child Health Coalition of Greater Kansas City, Inc. dba Mother and Child Health Coalition in November 2019. The Organization was originally formed under its former name in June 2000 in the State of Missouri as a nonprofit corporation.

The Organization is a membership organization open to all individuals, organizations and agencies interested in working towards the betterment of maternal and child health. The Organization works to ensure quality health care access for area mothers and children. Membership includes groups and individuals from approximately 200 organizations and agencies. Together, members work to address problems such as infant mortality, prenatal care, immunization, low birth weight, childhood obesity, access to health care, teen pregnancy, injuries, substance abuse and child abuse. The Board of Directors consists of community health providers, nurses, social workers, business and nonprofit leaders, and provide guidance and direction regarding specific community health related issues.

The mission of the Organization is “Nurture KC is a community collaboration dedicated to reducing infant mortality and improving family health. We work together to change policy for broad impact, transform systems to improve health outcomes at a local level, and provide one-on-one support to connect families.”

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The financial statements of the Organization are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

B. Program Services

The Organization’s programs include the following:

Kansas City Healthy Start Initiative – This program is designed to improve the health of pregnant women and babies and decrease infant mortality and health disparities. The program offers outreach, care coordination, depression screening and health education. Fetal and Infant Mortality Review (FIMR) focuses on reducing infant mortality through learning what in the community causes babies to die, particularly among African Americans and Hispanics, and combining area resources to implement change.

Fetal Infant Mortality Review (FIMR) – FIMR is an action-oriented case review team identifying trends in fetal and infant losses in the highest infant mortality zip codes of Kansas City, along with gaps in the health care system.

Mid-America Immunization Coalition - This program promotes public awareness about the consequences of vaccine-preventable diseases and promotes community resources for immunization through education, collaborations and advocacy.

NURTURE KC

NOTES TO FINANCIAL STATEMENTS

March 31, 2022 and 2021

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Program Services (continued)

Other Community Initiatives consist of the following:

Safe Haven is a public awareness program designed to educate the public about the Missouri and Kansas safe haven laws for newborns to reduce infant abuse and abandonment. It identifies help and resources available in the area.

Safe Sleep Task Force is a group of committed volunteers working to reduce infant deaths through education on safe sleep practices.

C. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization defines its cash and equivalents to include cash in demand deposits and considers all highly liquid investments with an initial maturity when purchased of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash equivalents.

D. Financial Instruments and Credit Risk

The Organization manages deposit concentration risk by placing cash and demand deposit accounts with financial institutions believed by management to be creditworthy. Accounts at each depository institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At times, amounts on deposit may exceed insured limits. The Organization had \$126,906 and \$0 of bank balances in excess of federally insured limits as of March 31, 2022 and 2021, respectively. To date, the Organization has not experienced any losses on such deposit accounts at the financial institution and believes it is not exposed to any significant credit risk on cash.

Investments are made by diversified investment managers whose performance is monitored by the Organization. Investment securities are exposed to various risks, such as interest rate, market fluctuation and credit risk. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in risks in the near term would materially affect investments and the amounts reported in the statements of financial position. Although the fair values of investments are subject to fluctuation on a year-to-year basis, the Organization believes that the investment policies and guidelines are prudent for the long-term welfare of the organization.

E. Grant Receivables

Grant receivables are stated at the amount management expects to collect. Management makes a regular assessment of the collectability of outstanding accounts and if deemed necessary, establishes an allowance for uncollectible accounts. At March 31, 2022 and 2021, the Organization considered all receivables fully collectible.

NURTURE KC

NOTES TO FINANCIAL STATEMENTS

March 31, 2022 and 2021

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Investments

Investments consist principally of money market funds, equity securities, exchange traded funds, and mutual funds (equity and bond funds). The Organization records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

G. Property and Equipment

Property and equipment are recorded at cost if acquired, or fair value if donated. The Organization's policy is to capitalize property and equipment with a cost of \$1,000 or more and a useful life of three years or more. When assets are sold or otherwise disposed of, the cost and related depreciation are removed from the accounts, and any resulting gain or loss is included in the statement of activities. Depreciation is calculated over the estimated useful lives of the respective assets on a straight-line basis.

	<u>Years</u>
Video Production	7
Office Equipment and Furniture	5
Computer Equipment	3

Depreciation expense for each of the years ended March 31, 2022 and 2021, were \$4,238 and \$3,645, respectively.

H. Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

I. Income Taxes

Nurture KC qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. The Organization has adopted the provisions of the FASB ASC 740-10 as it might apply to the Organization's financial transactions. The Organization's policy is to record a liability for any tax position that is beneficial to the Organization, including any related interest and penalties, when it is more likely than not the position taken by management with respect to the transaction or class of transactions will be overturned by a taxing authority upon examination. Organization's management believes there are no such positions as of March 31, 2022 and 2021 and, accordingly, no liability has been accrued.

NURTURE KC

NOTES TO FINANCIAL STATEMENTS

March 31, 2022 and 2021

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor- (or certain grantor-) imposed restrictions. These net assets may be used at the discretion of the Organization’s management and the Board of Directors. The Board of Directors has designated, from net assets without donor restrictions, net assets for an operating reserve. As the possibility of unanticipated losses from government-agency funded programs, the Board established an initial operating reserve balance of \$200,000.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed into service.

The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restriction and reported on the statement of activities as net assets released from restriction.

K. Revenue Recognition

The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

Noncash contributions are recorded at the estimated fair value at the time of donation. Contributions of long-lived assets donated without donor-imposed restrictions are recorded as support without donor restrictions. Contributed goods are recorded at fair value at the date of donation (Note 9). The Organization records donated professional services at the respective fair values of the services received.

Membership dues, which are nonrefundable, are comprised entirely of a contribution element and is recognized immediately. Payments are required at the start of the membership period; amounts received in advance are deferred to the applicable period. Special events revenue is comprised of an exchange element based upon the direct benefits donors receive and a contribution element for the difference. The Organization recognizes special events revenue equal to the fair value of direct benefits to donors when the special event takes place. The Organization recognizes the contribution element of special event revenue immediately, unless there is a right of return if the special event does not take place.

NURTURE KC

NOTES TO FINANCIAL STATEMENTS

March 31, 2022 and 2021

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Revenue Recognition (continued)

A significant portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. No amounts have been received in advance under the federal and state contracts and grants.

L. Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include occupancy, depreciation, and insurance, which are allocated on an estimated square footage basis, as well as salaries and wages, benefits, payroll taxes, which are allocated on the basis of estimates of time and effort.

M. Concentrations

The Organization receives financial assistance through grants from various federal and state agencies. Approximately 78.3% and 77.8% of the Organization's revenue was provided through grants from U.S. Department of Health and Human Services for the years ended March 31, 2022 and 2021, respectively.

N. Subsequent Events

Management has evaluated subsequent events to June 6, 2022, which is the date the financial statements were available for issuance.

NOTE 3: LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions and designations limiting their use, within one year of the statement of financial position date, comprise of the following:

Cash and cash equivalents	\$ 126,486
Grant receivables	187,502
Long-term investments	<u>695,126</u>
Total financial assets	1,009,114
Less assets limited as to use	(695,126)
Less restrictions and designations	<u>(228,392)</u>
Net available financial assets	\$ <u>85,596</u>

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds.

NURTURE KC

NOTES TO FINANCIAL STATEMENTS March 31, 2022 and 2021

NOTE 4: GRANT RECEIVABLES

Receivables at March 31, 2022 and 2021, consisted of the following:

	<u>2022</u>	<u>2021</u>
Governmental programs	\$ 182,816	\$ 119,437
Grants and agency funding	<u>4,686</u>	<u>15,822</u>
	\$ <u>187,502</u>	\$ <u>135,259</u>

NOTE 5: FAIR VALUE MEASUREMENTS AND DISCLOSURES

The Organization reports certain assets at fair value in the financial statements. Fair value is the price that would be received to sell an asset in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset based on the best information available. A three-tier hierarchy for fair value measurement categorizes the inputs as follows:

- Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.
- Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.
- Level 3 Unobservable inputs that are supported by little or no market activity and that is significant to the fair value of the assets or liabilities. In certain cases where Level 1 or 2 criteria are not applicable, then securities are designated as Level 3.

NURTURE KC

NOTES TO FINANCIAL STATEMENTS

March 31, 2022 and 2021

NOTE 5: FAIR VALUE MEASUREMENTS AND DISCLOSURES (continued)

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used during the years ended March 31, 2022 and 2021.

Money market funds, exchange-traded funds, common stock – where quoted prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy.

Mutual funds – valued at the quoted market price of the fund, which represents the net asset value (NAV) of the proportionate share held by the fund at year-end. The NAV, as provided by the trustee, is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by the fund less its liabilities.

Certificates of deposit – certificates of deposit have original maturity dates in excess of 90 days. A yield-based matrix system was used to arrive at an estimated market value for these instruments which are classified within Level 2 of the valuation hierarchy.

Fixed-income mutual funds - based on a valuation model that uses inputs that include recently executed transactions, market price quotations (where observable), spreads, and interest rate yield curves. The funds are classified within Level 1 of the valuation hierarchy.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth information about the level within the fair value hierarchy at which the Organization's financial assets and liabilities are measured on a recurring basis.

		<u>As of March 31, 2022</u>		
	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<u>Investments</u>				
Money Market Funds	\$ 13,134	\$ 13,134	\$ 0	\$ 0
Equity Securities	27,374	27,374	0	0
Exchange Traded Funds	123,785	123,785	0	0
Bond Mutual Funds	220,710	220,710	0	0
Equity Mutual Funds	<u>310,123</u>	<u>310,123</u>	<u>0</u>	<u>0</u>
Total Investments	\$ <u>695,126</u>	\$ <u>695,126</u>	\$ <u>0</u>	\$ <u>0</u>
		<u>As of March 31, 2021</u>		
	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<u>Investments</u>				
Money Market Funds	\$ 59,770	\$ 59,770	\$ 0	\$ 0
Exchange Traded Funds	118,384	118,384	0	0
Bond Mutual Funds	184,646	184,646	0	0
Equity Mutual Funds	<u>305,093</u>	<u>305,093</u>	<u>0</u>	<u>0</u>
Total Investments	\$ <u>667,893</u>	\$ <u>667,893</u>	\$ <u>0</u>	\$ <u>0</u>

NURTURE KC

NOTES TO FINANCIAL STATEMENTS
March 31, 2022 and 2021

NOTE 6: CAPITAL ASSETS

Capital assets consisted of the following at March 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Office equipment	\$ 22,030	\$ 19,512
Office furniture	11,928	11,928
Computer software	<u>13,859</u>	<u>13,859</u>
	47,817	45,299
Accumulated depreciation	<u>(39,415)</u>	<u>(35,177)</u>
Net Capital Assets	<u>\$ 8,402</u>	<u>\$ 10,122</u>

NOTE 7: NET ASSETS WITHOUT DONOR RESTRICTIONS

The net assets without donor restrictions included the following designated amounts at March 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Board designated for operating reserves	<u>\$ 200,000</u>	<u>\$ 200,000</u>

NOTE 8: NET ASSETS WITH DONOR RESTRICTIONS

The Organization receives gifts and grant awards that are restricted for a specific purpose. Consisting of cash and cash equivalents, net assets with donors restrictions included the following purposes at March 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Immunization	\$ 3,500	\$ 3,328
Fetal and Infant Mortality Review	261	1,801
Healthy Start	1,000	363
Other Community Initiatives	23,631	26,169
COVID-19 Fund	<u>0</u>	<u>7,500</u>
Total	<u>\$ 28,392</u>	<u>\$ 39,161</u>

The following are sources of net assets released from donor restriction during the years ended March 31, 2022 and 2021 by incurring expenses satisfying the restricted purpose or by occurrence of events specified by the donors.

	<u>2022</u>	<u>2021</u>
Immunization	\$ 25,193	\$ 19,205
Safe Kids Program	0	2,043
Fetal and Infant Mortality Review	1,540	0
Healthy Start	364	0
Other Community Initiatives	<u>56,538</u>	<u>128,445</u>
	<u>\$ 83,635</u>	<u>\$ 149,693</u>

NURTURE KC

NOTES TO FINANCIAL STATEMENTS

March 31, 2022 and 2021

NOTE 9: NONCASH CONTRIBUTIONS

The Organization recognized revenue and expenses for the use of the following items for the years ended March 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Diapers to support the Healthy Start Program	\$ <u>39,754</u>	\$ <u>36,030</u>

NOTE 10: RETIREMENT PLAN

The Organization sponsors a Simple IRA plan covering substantially all full-time employees. Under the terms of the Plan, employees become eligible after two years of service. The Organization matches 100% of employee contributions up to 3% of compensation. During the years ended March 31, 2022 and 2021, contributions to the Plan totaled \$12,718 and \$10,548, respectively.

NOTE 11: OPERATING LEASE

Effective November 1, 2019, the Organization moved to a new office space location and entered into a non-cancelable lease with monthly rent payments of \$3,031 beginning November 2019 and annual increases of 1.5% through October 31, 2024. Rental expense totaled \$42,968 and \$39,798 for the years ended March 31, 2022 and 2021, respectively. Minimum lease payments under the non-cancellable leases as of March 31, 2022, comprise the following:

<u>Year ending March 31,</u>	
2023	\$ 40,957
2024	41,523
2025	<u>24,416</u>
Total	\$ <u>106,896</u>

NOTE 12: PAYROLL PROTECTION PROGRAM LOAN

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. Nurture KC signed a note payable with a local financial institution backed by the U.S. Small Business Administration (“SBA”) on April 23, 2020 for \$122,545 with a maturity date of April 23, 2022, the first payment deferred for six months, and annual interest rate of 1.0%. This note was available through the Paycheck Protection Program (the “PPP”) as a part of the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”) that offers cash-flow assistance to nonprofit and small business employers through guaranteed loans for certain expenses incurred between February 15, 2020, and June 30, 2020. The Organization opted to select the 24-week period beginning on the date the loan proceeds were disbursed for eligible expenses through October 7, 2020. The PPP loan did not require collateral or personal guarantees and offered the ability to have a substantial portion of the principal amount forgiven when the Organization used the proceeds on eligible costs. The Organization filed for loan forgiveness in February 2021 and received the official legal release and forgiveness from the SBA in March 2021. The Organization reported the forgiveness of the loan as Federal Contracts and Grants in the accompanying financial statements for the year ended March 31, 2021.

SUPPLEMENTARY INFORMATION

NURTURE KC

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended March 31, 2022

Federal Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing Number	Grant Award Number	Federal Expenditures
<u>U.S. Department of Health and Human Services</u>			
<i>Direct Programs:</i>			
Healthy Start Initiative	93.926	5 H49MC01449-19-00	\$ 1,112,512
<i>Pass-through Kansas Dept of Health and Environment</i>			
Immunization Provider Enhancement	93.268	20NH23IP922627C5	<u>91,035</u>
Total U.S. Department of Health and Human Services			<u>1,203,547</u>
Total Expenditures of Federal Awards			<u>\$ 1,203,547</u>

See Accompanying Independent Auditor's Report and Notes to Schedule of Expenditures of Federal Awards.

NURTURE KC

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS For the Year Ended March 31, 2022

NOTE 1: BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal award activity of Nurture KC (the “Organization”) under programs of the federal government for the year ended March 31, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting, which is described in Note 2 to the Organization’s financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

The Schedule presents both Type A and Type B federal assistance programs administered by the Organization. The Uniform Guidance establishes the formula for determining the level of expenditures of disbursements to be used in defining Type A and Type B federal financial assistance programs. For the Organization, Type A programs are those which exceed \$750,000 in disbursements, expenditures, or distributions. The determination of major and nonmajor programs is based on the risk-based approach outlined in Uniform Guidance.

NOTE 3: SUBRECIPIENTS

The Organization did not provide funds to subrecipients in the current fiscal year.

NOTE 4: INDIRECT COST RATE

The Organization elected not use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

INTERNAL CONTROL AND COMPLIANCE



**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***

Board of Directors
Nurture KC
Kansas City, Missouri

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 Nurture KC (the “Organization”) (a nonprofit organization), which comprise the statement of financial position as of March 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 6, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization’s internal control over financial reporting (internal control) 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 the Organization’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization’s internal control.

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

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

Board of Directors
Nurture KC
Kansas City, Missouri

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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.



Marr and Company, P.C.
Certified Public Accountants

Kansas City, Missouri
June 6, 2022



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

Board of Directors
Nurture KC
Kansas City, Missouri

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Nurture KC's (the nonprofit "Organization") 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 the Organization's major federal programs for the year ended March 31, 2022. The Organization'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, Nurture KC 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 March 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

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

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

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

Report on Internal Control over Compliance

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

Board of Directors
Nurture KC
Kansas City, Missouri

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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



Marr and Company, P.C.
Certified Public Accountants

Kansas City, Missouri
June 6, 2022

NURTURE KC

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended March 31, 2022**

SECTION I: SUMMARY OF AUDITOR'S RESULTS

Financial Statement:

- 1) The type of report issued on the basic financial statements. Unmodified opinion
- 2) Internal Control over Financial Reporting:
 - a) Significant deficiencies were disclosed. None
 - b) Material weaknesses were disclosed. None
- 3) Noncompliance, which is material to the basic financial statements, was disclosed. None

Federal Awards:

- 1) Internal Control over Major Programs:
 - a) Significant deficiencies were disclosed. None
 - b) Material weaknesses were disclosed. None
- 2) The type of report issued on compliance for major programs. Unmodified opinion
- 3) Any audit findings which are required to be reported under Section 200.516(a) of the Uniform Guidance. None
- 4) The Organization's major federal program(s):

<u>Assistance Listing Number(s)</u>	<u>Federal Program or Cluster</u>
93.926	Healthy Start Initiative
- 5) Dollar threshold used to distinguish between Type A and Type B programs: \$750,000
- 6) Auditee qualified as a low-risk auditee specified in Section 200.520 of the Uniform Guidance: Yes

SECTION II: FINANCIAL STATEMENT FINDINGS

No financial statement findings were reported.

SECTION III: FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No federal award findings and questioned costs were reported.

SECTION IV: RESOLUTIONS OF PRIOR YEAR AUDIT FINDINGS

No audit findings were noted from the prior year.