PROKIDS, INC.

FINANCIAL REPORT

June 30, 2021

Pile CPAs
Integrity Innovation since 1938

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Provides, Inc.
Indianapolis, Indiana

Report on the Financial Statements
We have audited the accompanying financial statements of ProKids, Inc., which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years 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 audits. 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. Those standards require that we plan and perform the audits 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.

INDEPENDENT AUDITOR'S REPORT - continued

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ProKids, Inc. as of June 30, 2021 and 2020, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Supplementary and Other Information

Our audits were 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 audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated September 1, 2021, on our consideration of ProKids, 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 ProKids, Inc.'s internal control over financial reporting and compliance.

Pile CPAs

Indianapolis, Indiana
September 1, 2021

PROKIDS, INC

STATEMENTS OF FINANCIAL POSITION

June 30, 2021 and 2020

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash	$ 834,522	$ 259,414
Grants receivable	578,139	1,317,277
Other receivables	41,005	29,508
Other current assets	106,275	4,578
TOTAL CURRENT ASSETS	1,559,941	1,610,777
PROPERTY AND EQUIPMENT		
Office equipment	198,512	342,061
Office furniture	112,315	114,779
Leasehold improvements	122,026	122,026
	432,853	578,866
Less accumulated depreciation	(214,730)	(309,882)
	218,123	268,984
TOTAL ASSETS	$ 1,778,064	$ 1,879,761
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current maturities of long-term debt	$ 890,700	$ -
Accounts payable	13,937	60,114
Salaries & wages payable	89,297	86,846
TOTAL CURRENT LIABILITIES	993,934	146,960
LONG-TERM LIABILITIES		
Deferred rent expense, less current portion	61,923	67,215
Long-term debt, less current maturities	-	890,700
TOTAL LONG-TERM LIABILITIES	61,923	957,915
NET ASSETS		
Without donor restrictions	722,207	774,886
TOTAL LIABILITIES AND NET ASSETS	$ 1,778,064	$ 1,879,761

See Notes to Financial Statements.

PROKIDS, INC.

STATEMENTS OF ACTIVITIES

Years ended June 30, 2021 and 2020

	2021	2020
SUPPORT AND REVENUE		
Grants - federal	$ 4,800,594	$ 4,804,073
Evaluations	1,396,895	1,374,866
Other income	13,827	16,285
TOTAL SUPPORT AND REVENUE	6,211,316	6,195,224
EXPENSES		
Program expenses:		
Central Indiana Cluster G	6,072,996	5,802,341
General and administrative expenses	190,999	184,017
TOTAL EXPENSES	6,263,995	5,986,358
CHANGE IN NET ASSETS	(52,679)	208,866
NET ASSETS		
Beginning of year	774,886	566,020
End of year	$ 722,207	$ 774,886

See Notes to Financial Statements.

PROKIDS, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

Year ended June 30, 2021

	Central Indiana Cluster G	General and Admin.	Total
Depreciation	$ 51,486	$ 566	$ 52,052
Dues and subscriptions	527	219	746
Equipment expense	56,218	499	56,717
Facilities expense	5,139	9	5,148
General insurance	3,311	14,234	17,545
Health insurance	464,044	8,821	472,865
Life, dental, and disability	79,585	1,565	81,150
Maintenance agreements	723	135	858
Materials and supplies	22,825	591	23,416
Miscellaneous expense	1,087	11,427	12,514
Other outside services	33,155	267	33,422
Payroll service	330	8,516	8,846
Payroll taxes	347,232	7,215	354,447
Postage	4,339	175	4,514
Professional fees	-	31,525	31,525
Rent	196,154	4,874	201,028
Retirement plan contributions	86,980	2,317	89,297
Salaries	4,607,646	96,756	4,704,402
Telephone	67,058	616	67,674
Training Event Expense	4,234	198	4,432
Travel	16,657	133	16,790
Workers compensation	24,266	341	24,607
	$ 6,072,996	$ 190,999	$ 6,263,995

See Notes to Financial Statements.

PROKIDS, INC.

STATEMENTS OF FUNCTIONAL EXPENSES - continued
Year ended June 30, 2020

	Central Indiana Cluster G	General and Admin.	Total
Depreciation	$ 14,657	$ 458	$ 15,115
Dues and subscriptions	875	1,418	2,293
Equipment expense	30,373	3,196	33,569
Facilities expense	5,227	9	5,236
General insurance	3,298	16,879	20,177
Health insurance	385,859	9,149	395,008
Life, dental, and disability	81,203	1,702	82,905
Maintenance agreements	3,063	958	4,021
Materials and supplies	36,803	710	37,513
Miscellaneous expense	1,010	1,411	2,421
Other outside services	37,547	409	37,956
Payroll service	-	9,989	9,989
Payroll taxes	313,018	6,707	319,725
Postage	4,246	150	4,396
Professional fees	317	32,675	32,992
Rent	198,100	3,125	201,225
Retirement plan contributions	71,257	1,991	73,248
Salaries	4,387,952	91,748	4,479,700
Telephone	55,037	413	55,450
Training Event Expense	7,712	527	8,239
Travel	139,186	-	139,186
Workers compensation	25,601	393	25,994
	$ 5,802,341	$ 184,017	$ 5,986,358

See Notes to Financial Statements.

PROKIDS, INC.

STATEMENTS OF CASH FLOWS

Years ended June 30, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from grants, contributions and interest	$ 6,938,957	$ 5,290,223
Cash disbursed for programs and general and administrative purposes	(6,362,658)	(5,887,113)
Net cash provided by (used in) operating activities	576,299	(596,890)
CASH FLOWS FROM INVESTING ACTIVITIES		
Property and equipment acquisitions	(1,191)	(228,519)
Net cash provided by (used in) investing activities	(1,191)	(228,519)
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings on line of credit	-	350,000
Payments on line of credit	-	(350,000)
Proceeds from long-term debt	-	890,700
Net cash provided by (used in) financing activities	-	890,700
Increase (decrease) in cash	575,108	65,291
CASH		
Beginning	259,414	194,123
Ending	$ 834,522	$ 259,414
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Change in net assets	$ (52,679)	$ 208,866
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation	52,052	15,115
(Increase) decrease in:		
Grants and other receivables	727,641	(905,001)
Other assets	(101,697)	19,171
Increase (decrease) in:		
Accounts payable and accrued liabilities	(43,726)	66,852
Deferred rent and lease incentive	(5,292)	(1,893)
Net cash provided by (used in) operating activities	$ 576,299	$ (596,890)
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash payments for interest	$ -	$ 551

See Notes to Financial Statements.

NOTE 1 NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Business
ProKids, Inc. (the "Organization") was formed to develop, implement, and manage intra-agency programs, identified by Part C of the Individuals With Disabilities Education Act ("IDEA") legislation, in order to provide early intervention services to eligible infants and toddlers (birth to three years of age) with disabilities and their families. In the State of Indiana, this Part C program is called First Steps.

The goals of the First Steps Program in Indiana are to find and identify eligible children who are developmentally delayed; to provide assessment/evaluation of development for referred children to determine eligibility; to assist children to transition into other appropriate programs, once the child is three years of age and/or no longer eligible; to teach families to be advocates for their child's needs; and to provide appropriate developmental interventions so as to decrease the need for ongoing Special Education Services.

The Organization is the Fiscal Agent for the Local Planning and Coordinating Council ("LPCC") and the System Point of Entry ("SPOE") for the Indiana First Steps Program in Marion, Hamilton, Hendricks, Johnson, Morgan and Tipton counties ("Central Indiana Cluster G").

- *Local Planning and Coordinating Councils* - The purpose of these grants is to provide funding for Marion, Hamilton, Hendricks, Johnson, Morgan and Tipton counties to do public awareness, child find, transition, education, and other activities that enhance the early intervention program in each county. The Organization provides fiscal agent services, through cost reimbursement, to administer these funds for each of the above counties.

- *System Point of Entry* - The purpose of these grants is to provide funding to receive referrals from Marion, Hamilton, Hendricks, Johnson, Morgan and Tipton counties for children who are suspected of having developmental delays or who are at risk for developmental delays due to their medical condition or other biological risk factors; to initiate the evaluation process; and to determine whether eligibility criteria have been met. The Organization provides fiscal agent services, through cost reimbursement and fee for service, to administer these funds for each of the above counties.

A summary of the Organization's significant accounting policies are as follows:

A. Basis of Accounting
The financial statements have been prepared on the accrual basis of accounting.

B. Basis of Presentation
These financial statements have been prepared to focus on the entity as a whole and to present transactions according to the existence or absence of donor-imposed restrictions in conformity with accounting principles generally accepted in the United States of America.

NOTE 1 NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES - continued

B. Basis of Presentation - continued

This has been done by classification of fund transactions and balances into two categories of net assets:

Net Assets without donor restrictions: These net assets generally result from revenues generated by receiving contributions that have no donor restrictions, providing services, and receiving interest from operating investments, less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.

Net Assets with donor restrictions: These net assets result from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated assets, either temporarily or permanently, until the donor restriction expires, that is until the stipulated time restriction ends or the purpose of the restriction is accomplished, the net assets are restricted. The Organization has no net asset with donor restrictions as of June 30, 2021 and 2020.

C. Cash

Cash consists of one checking account with a financial institution. The account is partially insured by the Federal Deposit Insurance Corporation. The balances, at times, may exceed federally insured limits. To date, there have been no losses on such accounts.

D. Concentration of Credit Risk

Federal funding by Indiana Family and Social Services Administration, Division of Disability and Rehabilitative Services ("State of Indiana") accounted for greater than 95% of total revenue received by the Organization for 2021 and 2020. The funding is derived from reimbursable grants and a fee for service contract to carry out the mission and programs of the Organization.

E. Grants Receivable

Grants receivable consists of grant revenue expected to be received shortly after year-end. Management considers grants receivable at June 30, 2021 and 2020, to be fully collectible; accordingly, no allowance for doubtful accounts is required.

F. Property and Equipment

Property and equipment are stated at cost. The Organization capitalizes assets with a value greater than $500 and an estimated useful life of three or more years. Property and equipment are considered to be owned by the Organization; however, state funding sources may maintain equitable interest in the property purchased by grant monies, as well as the right to determine the use of any proceeds from the sale of these assets. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Estimated useful lives for software, furniture, and equipment range from 3 to 10 years and leasehold improvements for 10 years or the life of the lease.

Depreciation in the amount of $52,052 and $15,115 has been allocated to program services and supporting activities in the statements of activities for the years ended June 30, 2021 and 2020, respectively.

NOTE 1 NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES - continued

G. Support and Revenues

Revenue is recognized when earned and support when contributions are made, which may be when cash is received, unconditional promises are made, or ownership of other assets is transferred to the Organization. Revenue funded by contracts, which represents revenue from exchange transactions, is recognized as the Organization performs the contracted services. Support funded by grants is recognized when the contributions are made. Grant expenditures are subject to audit and acceptance by the granting agency, and adjustments could be required as a result of such audit. Support and revenue with donor-imposed restrictions which are met in the same reporting period are reported as net assets without donor restrictions in the statement of activities.

H. Income Taxes

The Organization is exempt from federal and state income taxes on its related activities under Internal Revenue Service Code Section 501(c)(3). Accordingly, no provision for federal and state income taxes has been made.

The Organization files the required federal and state information returns. Whenever tax returns are filed, the filing organization must evaluate the merits of its tax positions and determine if they will be ultimately sustained. Those tax positions for the Organization include maintaining their tax-exempt status and the taxability of any unrelated business income. The Organization believes these positions are sustainable. Although the Organization has not incurred any interest and penalties associated with these positions, it is their policy to expense them in the statement of activities.

I. Functional Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

J. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses.

NOTE 1 NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES - continued

J. Use of Estimates - continued

The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Organization operates. It is unknown how long these conditions will last and what the complete financial effect will be to the organization. Our concentrations due to grantor or contributor; concentrated revenue from particular programs, services or fund-raising events; and the market or geographic area in which the Organization conducts operations make it reasonably possible that we are vulnerable to the risk of a near-term severe impact.

Additionally, it is reasonably possible that estimates made in the financial statements have been, or will be, materially and adversely impacted in the near term as a result of these conditions.

K. Reclassification

Certain amounts from the prior year have been reclassified to conform with the current year presentation.

L. Evaluation of Subsequent Events

The Organization has evaluated subsequent events through September 1, 2021, which is the date the financial statements were available to be issued.

NOTE 2 RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers. The standard's core principle is that an organization will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the organization expects to be entitled in exchange for those goods or services. This standard also includes expanded disclosure requirements that result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contract with customers. The Organization adopted this standard for the year ending June 30, 2020. These changes did not have a material impact on the financial statements.

NOTE 3 RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In February 2016, the FASB issued ASU 2016-02, Leases. The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset and corresponding lease liability on the statement of financial position at the date of the lease commencement. Leases will be classified as either finance or operating, and this distinction will be relevant for the pattern of expense recognition in the statement of activities. This standard will be effective for the entity for the year ending June 30, 2023. The Organization is currently in the process of evaluating the effect of adoption of this ASU on its financial statements.

NOTE 4 LIQUIDITY AND AVAILABILITY

The following table reflects financial assets as of June 30, 2021 and 2020, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date, due to donor or contractual restrictions. Currently, the Organization does not have donor or other contractual restrictions that make them unavailable for general expenditures within one year of the statement of financial position.

For purposes of analyzing resources available to meet general expenditures over a 12 month period, the Organization considers all expenditures related to its ongoing program and support activities to be general expenditures.

The Organization has a $9.7 million reimbursement grant available over two years from the statement of financial position to meet cash needs for general expenditures. The grant is subject to time restrictions but is expected to be collected with the next 24 months. The Organization also has a $350,000 line of credit, which it could draw upon in the event of an unanticipated liquidity need. The Organization's financial health and liquidity is monitored through regular reporting to the Board of Directors.

The table below represents financial assets available for general expenditures within one year at June 30, 2021 and 2020:

Financial assets at year-end:	2021	2020
Cash	$ 834,522	$ 259,414
Grants and other receivables	619,144	1,346,785
Total financial assets	1,453,666	1,606,199
Less amounts not available to be used within one year:	-	-
Financial assets not available to be used within one year	-	-
Financial assets available to meet general expenditures within one year	$ 1,453,666	$ 1,606,199

NOTE 5 LINE OF CREDIT

The Organization has a line of credit with National Bank of Indianapolis with a maximum debt facility of $350,000 available through January 11, 2022. Amounts borrowed are secured by a commercial security agreement securing all assets of the Organization. The amount borrowed under the line of credit was $0 as of June 30, 2021 and 2020. Interest is assessed at the lender's prime rate plus 0.25%, but not less than 4.50%. The effective rate at June 30, 2021 and 2020 was 4.50% and 5.00%, respectively.

NOTE 6 LONG-TERM DEBT

On April 15, 2020, the Organization signed and received a $890,700 loan under the Paycheck Protection Program ("PPP") created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration. The loan accrues interest at 1.00%, but payments are not required to begin until October 15, 2020. The Organization is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The loan is uncollateralized and is fully guaranteed by the Federal government.

Long-term debt at June 30, 2021 matures as follows:

2022	$ 890,700
Thereafter	-
	$ 890,700

NOTE 7 LEASE COMMITMENTS

In March 2018, the Organization signed an office lease at a new location with a lease term of ninety-four months that expires February 2026. The Organization received the first four months free with monthly payments escalating over the life of the lease.

The Organization is obligated under two operating leases for a postage machine and a copier with monthly payments ranging from $175 to $420 and various expiration dates through July 2025.

The total rent expense charged to income for the year ended June 30, 2021 and 2020, consists of the following:

	2021	2020
Rental and CAM paid on office lease	$ 206,320	$ 203,118
Adjustment to recognize lease payments ratable over the term of the lease	(5,292)	(1,893)
Total rent expense	$ 201,028	$ 201,225

The future minimum lease payments as of June 30, 2021, are as follows:

	Facilities	Postage Machine	Copiers	Total
2022	$ 208,121	$ 2,075	$ 5,032	$ 215,228
2023	211,034	2,075	5,032	218,141
2024	213,948	1,902	5,032	220,882
2025	216,862	-	419	217,281
2026	144,898	-	-	144,898
Thereafter	-	-	-	-
	$ 994,863	$ 6,052	$ 15,515	$ 1,016,430

NOTE 8 EMPLOYEE BENEFIT PLAN

The Organization has established a 403(b) Defined Contribution Retirement Plan (the "Plan"). An employee is eligible to make elective deferrals without a service requirement, unless they are part of an excluded class described in the Plan Adoption Agreement.

Eligible classes of employees are all employees except Casual Employees who are hired to work on an as needed basis from time to time and normally work 0-19 hours per week; provided, however, that a Casual Employee who attains age 21 and completes one year of eligibility service will be eligible to become a participant for purposes of becoming a contributing participant (and thus eligible to make elective deferrals) on the first day of the next Plan Year, but not more than six months after satisfaction of this criteria. To be eligible for employer contributions, an employee must be at least 21 years of age and complete 12 consecutive months of eligibility service. Plan contributions are invested at the discretion of each participant and are fully vested and non-forfeitable when such contributions are made.

Plan contributions are made at a discretionary rate set by the Board of Directors each year. The discretionary rate for fiscal years June 30, 2021 and 2020 was 2%. Retirement plan contributions were $89,297 and $73,248 for the years ended June 30, 2021 and 2020, respectively.

PROKIDS, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended June 30, 2021

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Sub-Recipients	Federal Expenditures
US Department of Education				
Individuals with Disabilities Education Act				
Grants for Infants and Families with Disabilities	84.181			
Pass-Through Grantor:				
Indiana Family & Social Svcs Admin				
Pass-through programs:				
First Steps Cluster Contracts (FS)		21511	$ -	$ 4,800,594
Total expenditures of federal awards			$ -	$ 4,800,594

See Notes to the Schedule of Expenditures of Federal Awards.

PROKIDS, INC.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2021

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of ProKids, Inc. (the "Organization") under programs of the federal government for the year ended June 30, 2021. 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 ProKids, Inc.

NOTE 2 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, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

NOTE 3 INDIRECT COST RATE

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

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

INDEPENDENT AUDITOR'S REPORT

Board of Directors
ProKids, Inc.
Indianapolis, Indiana

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 ProKids, Inc. ("ProKids"), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 1, 2021.

Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered ProKids 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 ProKids internal control. Accordingly, we do not express an opinion on the effectiveness of ProKids 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.

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

INDEPENDENT AUDITOR'S REPORT - continued

Compliance and Other Matters

As part of obtaining reasonable assurance about whether ProKids financial statements are free of 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Pile CPAs

Indianapolis, Indiana
September 1, 2021

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

INDEPENDENT AUDITOR'S REPORT

Board of Directors
ProKids, Inc.
Indianapolis, Indiana

Report on Compliance for Each Major Federal Program
We have audited ProKids, 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 ProKids, Inc.'s ("ProKids") major federal programs for the year ended June 30, 2021. ProKids major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings 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 ProKids 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 ProKids' 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 ProKids compliance.

Opinion on Each Major Federal Program
In our opinion, ProKids 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 June 30, 2021.

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

INDEPENDENT AUDITOR'S REPORT - continued

Report on Internal Control Over Compliance
Management of ProKids 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 ProKids internal control over compliance with the types of requirements that could have a direct and material effect on a 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 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 ProKids 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 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.

Pile CPAs

Indianapolis, Indiana
September 1, 2021

PROKIDS, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended June 30, 2021

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified
Internal Control over financial reporting	
● Material weakness identified?	No
● Significant deficiency identified?	None Reported
Noncompliance material to the financial statements noted?	No

Federal Awards

Internal Control over major programs:	
● Material weakness identified?	No
● Significant deficiency identified?	None Reported
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 section 2 CFR 200.516(a)?	No

Identification of major programs:

CFDA Number	Name of Federal Program
84.181	US Department of Education Individuals with Disabilities Education Act Grants for Infants and Families with Disabilities

Dollar Threshold used to distinguish between type A and type B programs	$ 750,000
Auditee qualified as low-risk auditee?	Yes

II. FINANCIAL STATEMENT FINDINGS	None
III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS	None

PROKIDS, INC.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year ended June 30, 2021

The prior year audit disclosed no instances of noncompliance that were required to be reported under U.S. Government Auditing Standards and no uncorrected or unresolved findings exist from the prior audit's Schedule of Audit Findings and Questioned Costs.