Start Early

Consolidated Financial Report
June 30, 2021

Contents

Independent Auditor's Report

Board of Directors
Start Early

Report on the Financial Statements
We have audited the accompanying consolidated financial statements of Start Early and subsidiaries, which comprise the consolidated statements of financial position as of June 30, 2021 and 2020, the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of 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 reasonable basis for our audit opinion.

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

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information is presented for purposes of additional analysis rather than to present the financial position, changes in net assets and cash flows of the individual entities and is not a required part of the consolidated 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 consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

RSM US LLP

Chicago, Illinois
March 1, 2021

Start Early

Consolidated Statements of Financial Position
June 30, 2021 and 2020

	2021	2020
Assets		
Current assets:		
Cash and cash equivalents	$ 16,548,338	$ 15,233,084
Accounts receivable - governmental agencies and other, net	7,389,902	8,983,490
Pledges receivable, current	8,811,399	8,886,292
Deposits, prepaid expenses and other assets	957,659	760,790
Total current assets	33,707,298	33,863,656
Investments:		
Donor and board designated	26,711,473	21,964,866
Undesignated	4,320,435	4,394,967
Total investments	31,031,908	26,359,833
Pledges receivable, net of current portion	9,218,765	10,882,706
Property, plant and equipment, net	10,473,634	10,993,651
Total assets	$ 84,431,605	$ 82,099,846
Liabilities and Net Assets		
Liabilities:		
Current liabilities:		
Accounts payable and accrued expenses	$ 10,294,189	$ 9,356,489
Deferred revenue	1,382,766	711,199
Current portion of lease liability	112,655	133,583
Total current liabilities	11,789,610	10,201,271
Paycheck Protection Program loan payable	5,487,531	5,571,900
Capital lease liability, net of current portion	86,306	186,823
Deferred rent	3,950,824	4,308,158
Other liabilities	244,151	169,520
Total liabilities	21,558,422	20,437,672
Net assets:		
Without donor restrictions:		
Undesignated	8,370,234	10,154,438
Board designated	5,854,540	4,813,038
	14,224,774	14,967,476
With donor restrictions	48,648,409	46,694,698
Total net assets	62,873,183	61,662,174
Total liabilities and net assets	$ 84,431,605	$ 82,099,846

See notes to consolidated financial statements.

Start Early

Consolidated Statement of Activities
Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and other support:			
Grants:			
State of Illinois Department of Human Services:			
Division of Family and Community Services	$ 11,117,143	$ -	$ 11,117,143
Bureau of Child Care and Development	72,375	-	72,375
Illinois State Board of Education	4,307,823	-	4,307,823
State of Illinois Department of Children and Family Services	4,692	-	4,692
U.S. Department of Health and Human Services	20,691,003	-	20,691,003
U.S. Department of Agriculture	31,813	-	31,813
City of Chicago-DFSS	2,458,478	-	2,458,478
Washington State Department of Children, Youth and Families	1,140,085	-	1,140,085
Other grants	843,100	-	843,100
Contributions	5,720,233	20,247,181	25,967,414
Investment return, net	1,922,825	4,424,292	6,347,117
Other revenue	2,453,258	-	2,453,258
Donated service/in-kind	839,190	-	839,190
Net assets released from restrictions	22,717,762	(22,717,762)	-
Total revenue and other support	74,319,780	1,953,711	76,273,491
Expenses:			
Program services:			
Direct work with children	30,063,928	-	30,063,928
Program and professional innovation	21,992,534	-	21,992,534
Policy and systems innovation	7,928,821	-	7,928,821
Infrastructure and support	5,870,155	-	5,870,155
Total program services	65,855,438	-	65,855,438
Supporting services:			
General and administrative activities	6,878,795	-	6,878,795
Fund-raising	2,442,397	-	2,442,397
Total supporting services	9,321,192	-	9,321,192
Total expenses	75,176,630	-	75,176,630
Change in net assets before other change	(856,850)	1,953,711	1,096,861
Other change in net assets:			
Contribution of net assets received from acquisition	114,148	-	114,148
Change in net assets	(742,702)	1,953,711	1,211,009
Net assets at beginning of year	14,967,476	46,694,698	61,662,174
Net assets at end of year	$ 14,224,774	$ 48,648,409	$ 62,873,183

See notes to consolidated financial statements.

Start Early

Consolidated Statement of Activities
Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and other support:			
Grants:			
State of Illinois Department of Human Services:			
Division of Family and Community Services	$ 11,018,047	$ -	$ 11,018,047
Bureau of Child Care and Development	606,222	-	606,222
Illinois State Board of Education	4,676,551	-	4,676,551
State of Illinois Department of Children and Family Services	37,282	-	37,282
U.S. Department of Health and Human Services	16,491,279	-	16,491,279
U.S. Department of Agriculture	82,743	-	82,743
City of Chicago-DFSS	3,263,459	-	3,263,459
Washington State Department of Children, Youth and Families	469,229	-	469,229
Other grants	121,584	-	121,584
Contributions	5,882,466	27,284,971	33,167,437
Investment return, net	987,243	(36,793)	950,450
Other revenue	2,281,746	-	2,281,746
Donated service/in-kind	438,811	-	438,811
Net assets released from restrictions	21,996,676	(21,996,676)	-
Total revenue and other support	68,353,338	5,251,502	73,604,840
Expenses:			
Program services:			
Direct program services:			
Direct work with children	29,628,051	-	29,628,051
Program and professional innovation	20,722,930	-	20,722,930
Policy and systems innovation	7,928,046	-	7,928,046
Infrastructure and support	5,714,692	-	5,714,692
Total direct program services	63,993,719	-	63,993,719
Bounce DC	77,409	-	77,409
Total program services	64,071,128	-	64,071,128
Supporting services:			
General and administrative activities	6,910,439	-	6,910,439
Fund-raising	3,074,373	-	3,074,373
Total supporting services	9,984,812	-	9,984,812
Total expenses	74,055,940	-	74,055,940
Change in net assets before other changes	(5,702,602)	5,251,502	(451,100)
Other changes in net assets:			
Contribution of net assets received from acquisition	2,760,732	100,000	2,860,732
Loss for uncollectible promises to give	-	(403,233)	(403,233)
NMTC loan forgiveness	(10,700,070)	-	(10,700,070)
	(7,939,338)	(303,233)	(8,242,571)
Change in net assets	(13,641,940)	4,948,269	(8,693,671)
Net assets at beginning of year	28,609,416	41,746,429	70,355,845
Net assets at end of year	$ 14,967,476	$ 46,694,698	$ 61,662,174

See notes to consolidated financial statements.

Start Early

Consolidated Statement of Functional Expenses
Year ended June 30, 2021

	Direct Program Services							
	Direct Work With Children	Program and Professional Innovation	Policy and Systems Innovation	Infrastructure and Support	Total Program Services	General and Administrative Activities	Fund-raising	Total
Personnel	$ 9,062,123	$ 13,554,197	$ 4,885,625	$ 3,795,503	$ 31,297,448	$ 4,349,410	$ 2,117,194	$ 37,764,052
Professional services	674,598	2,314,085	2,195,529	596,165	5,780,377	1,189,024	112,774	7,082,175
Subcontracted program services	18,338,072	4,751,482	25,000	-	23,114,554	-	-	23,114,554
NMTC note forgiveness	-	-	-	-	-	-	-	-
Travel	2,353	8,251	620	1,014	12,238	1,024	-	13,262
Conference and meetings	64,318	235,365	7,819	7,365	314,867	6,857	-	321,724
Occupancy	449,227	72,601	44,407	6,306	572,541	21,987	5,068	599,596
Rent, net of construction allowance amortization	237,308	564,691	251,126	123,129	1,176,254	304,003	98,943	1,579,200
Supplies	223,336	46,844	10,778	368	281,326	7,187	551	289,064
Membership dues	97,161	86,914	198,971	32,965	416,011	163,129	13,831	592,971
Depreciation	446,696	5,527	-	678,127	1,130,350	-	-	1,130,350
Casualty and liability insurance	36,626	43,297	11,951	20,310	112,184	-	5,313	117,497
Equipment and computer software	183,827	206,846	58,988	76,523	526,184	665,002	53,283	1,244,469
Postage, printing and copying	64,223	30,981	10,163	8,442	113,809	55,203	9,169	178,181
Direct program services	95,187	14,836	2,792	-	112,815	-	-	112,815
Management consulting fees	-	15,000	166,351	142,677	324,028	79,744	-	403,772
Miscellaneous	88,873	41,617	58,701	381,261	570,452	36,225	26,271	632,948
Total expenses	**$ 30,063,928**	**$ 21,992,534**	**$ 7,928,821**	**$ 5,870,155**	**$ 65,855,438**	**$ 6,878,795**	**$ 2,442,397**	**$ 75,176,630**

See notes to consolidated financial statements.

Start Early

Consolidated Statement of Functional Expenses
Year Ended June 30, 2020

	Direct Program Services									
	Direct Work With Children	Program and Professional Innovation	Policy and Systems Innovation	Infrastructure and Support	Total Direct Program Services	Bounce DC	Total Program Services	General and Administrative Activities	Fund-raising	Total
Personnel	$ 9,116,898	$ 12,066,839	$ 4,726,722	$ 4,494,105	$ 30,404,564	$ -	$ 30,404,564	$ 4,637,612	$ 2,807,796	$ 37,849,972
Professional services	687,684	1,426,825	1,743,891	532,536	4,390,936	47,026	4,437,962	1,249,343	33,637	5,720,942
Subcontracted program services	17,772,433	4,410,814	25,000	140,789	22,349,036	21,103	22,370,139	-	-	22,370,139
Travel	93,519	646,834	271,953	49,524	1,061,830	-	1,061,830	46,433	12,002	1,120,265
Conference and meetings	149,676	429,028	389,347	28,321	996,372	-	996,372	75,729	45,495	1,117,596
Occupancy	394,881	67,586	38,163	4,416	505,046	-	505,046	33,637	7,746	546,429
Rent, net of construction allowance amortization	403,161	885,760	351,807	-	1,640,728	-	1,640,728	-	-	1,640,728
Supplies	245,441	26,859	12,778	2,377	287,455	-	287,455	35,885	2,558	325,898
Membership dues	119,046	124,719	103,758	21,355	368,878	-	368,878	90,035	25,282	484,195
Depreciation	322,802	336,368	122,131	43,797	825,098	-	825,098	132,277	71,934	1,029,309
Casualty and liability insurance	25,114	26,170	9,502	3,407	64,193	9,280	73,473	10,291	5,596	89,360
Equipment and computer software	47,915	128,084	81,440	34,019	291,458	-	291,458	536,944	31,606	860,008
Postage, printing and copying	64,683	80,684	17,063	11,267	173,697	-	173,697	41,732	12,908	228,337
Direct program services	166,051	21,756	1,696	-	189,503	-	189,503	-	-	189,503
Miscellaneous	18,747	44,604	32,795	348,779	444,925	-	444,925	20,521	17,813	483,259
Total expenses	$ 29,628,051	$ 20,722,930	$ 7,928,046	$ 5,714,692	$ 63,993,719	$ 77,409	$ 64,071,128	$ 6,910,439	$ 3,074,373	$ 74,055,940

See notes to consolidated financial statements.

Start Early

Consolidated Statements of Cash Flows
Years Ended June 30, 2021 and 2020

		2021		2020
Cash flows from operating activities:				
Change in net assets	$	1,211,009	$	(8,693,671)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:				
Depreciation		1,130,350		1,029,309
Loss from uncollectible promises to give		-		403,233
Bad debt write-offs		4,238		39,671
Net realized and unrealized (gains) losses on investments		(4,980,595)		828,167
Loss on sale of property, plant and equipment		-		13,035
Contribution of net assets received from acquisition		(114,148)		(2,860,732)
NMTC loan receivable forgiveness		-		10,700,070
Changes in:				
Accounts and pledges receivable		3,328,184		(6,198,224)
Deposits, prepaid expenses and other assets		(196,869)		(291,214)
Accounts payable and accrued expenses		842,765		878,395
Other liabilities and deferred revenue		388,864		(530,527)
Net cash provided by (used in) operating activities		1,613,798		(4,682,488)
Cash flows from investing activities:				
Purchases of property and equipment		(515,398)		(659,394)
Proceeds from sales of investments		4,520,230		2,783,488
Purchases of investments		(4,211,710)		(2,695,572)
Cash acquired in acquisition		114,148		246,520
Net cash used in investing activities		(92,730)		(324,958)
Cash flows from financing activities:				
Payments made on capital lease obligations		(121,445)		(163,202)
Proceeds from PPP loan		-		5,571,900
Repayment of PPP loan excess amount		(84,369)		-
Net cash (used in) provided by financing activities		(205,814)		5,408,698
Net increase in cash and cash equivalents		1,315,254		401,252
Cash and cash equivalents at beginning of year		15,233,084		14,831,832
Cash and cash equivalents at end of year	$	16,548,338	$	15,233,084
Supplemental cash flow information:				
Fixed asset additions included in accounts payable	$	94,935	$	-
Fixed asset acquisitions financed through capital leases	$	-	$	273,089
Cash paid for interest	$	9,496	$	11,419
Acquisition transaction:				
Assets acquired	$	114,148	$	3,033,821
Liabilities assumed		-		(173,089)
		114,148		2,860,732
Less cash acquired		114,148		246,520
Noncash net identifiable assets acquired	$	-	$	2,614,212

See notes to consolidated financial statements.

Note 1. General

Ounce of Prevention Fund (the Ounce) was founded in 1982 as a public-private partnership to give children in poverty the best chance for success in school and in life by advocating for and providing the highest quality care and education from birth to age five. On October 7, 2020, the Ounce changed its name to Start Early to emphasize the fact that starting early to nurture the attachments between children and adults and build strong foundations are essential to a child's present and future well-being. Start Early develops and supports research based early learning programs; educates and coaches practitioners; and advocates with policymakers, business leaders and the public. This comprehensive approach addresses the systems-level change required for sustained impact on our nation's children and families.

First Five Years Fund LLC (FFYF) was founded in 2007, with Start Early as its sole member. FFYF works with federal policymakers to galvanize support for greater investments and policies to increase access to high quality early childhood education. FFYF is a disregarded entity for tax purposes.

Bounce DC was founded in 2009 as a nonprofit organization incorporated in the District of Columbia, with Start Early as its sole member. Bounce DC was created to hold the Educare Center and the debt related to the New Market Tax Credit transaction that took place during the fiscal year ended June 30, 2013 (Note 5).

Start Early is principally supported by major local and national private philanthropies, the U.S. Department of Health and Human Services (DHHS) and the State of Illinois Department of Human Services.

Note 2. Summary of Significant Accounting Policies

Consolidation: Start Early's financial statements consolidate the accounts and activities of its affiliated entities, FFYF and Bounce DC. All significant intercompany transactions have been eliminated.

Use of estimates: The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and changes therein. Actual results could differ from those estimates.

Cash and cash equivalents: For purposes of these consolidated financial statements, cash equivalents are defined as short-term, highly liquid investments that have original maturities of three months or less and are readily convertible to known amounts of cash.

Start Early maintained its cash in bank accounts, which at times exceeded federally insured limits during the years ended June 30, 2021 and 2020. Start Early did not experience any losses in such accounts during this period and believes it is not exposed to any significant credit risk.

Accounts receivable—governmental agencies and other: Accounts receivable are primarily uncollateralized obligations of federal, state and local governmental agencies. These receivables are stated at the amounts billed and do not accrue interest. Allowance for uncollectible accounts receivable from governmental agencies was $160,000 and $155,000 for the years ended June 30, 2021 and 2020, respectively.

As of June 30, 2021, approximately 11% of accounts receivable were due from one state agency, and 36% from three foundations. As of June 30, 2020, approximately 10% of accounts receivable were due from one federal agency, 12% from one state agency, and 42% from three foundations.

Note 2. Summary of Significant Accounting Policies (Continued)

Investments: Donor and board designated investments are presented in the consolidated financial statements at fair value. Undesignated investments include a 19.2% ownership interest in Multifamily Portfolio Limited Partnership (the Partnership). The percentage ownership does not give Start Early significant influence over the Partnership and the investment does not have a readily determinable fair value and does not qualify for the practical expedient to estimate fair value using net asset value. Accordingly, Start Early has elected to account for the investment using the measurement alternative, which is cost minus impairment, if any, plus or minus changes resulting from observable price changes for identical or similar investments of the same issuer. Based on a qualitative assessment, no indicators of impairment and no observable changes in price were noted for the investment during the years ended June 30, 2021 or 2020. The remainder of undesignated investments are mutual funds, which are presented at fair value.

Investment income, realized gains (losses) and changes in unrealized gains (losses) are reflected in the consolidated statements of activities, net of investments expenses, as investment return. Investments received as contributions are recorded at fair value at the date of receipt. Investments are classified as either current or long-term based on intended use. Included in investment income are $675,529 and $936,204 in distributions from the cost method limited partnership for the years ended June 30, 2021 and 2020, respectively.

Start Early's investment portfolio is subject to various risks, such as interest rate, credit and overall market volatility. Because of these risks, it is possible that changes in the fair value of investments may occur and that such changes could materially affect Start Early's consolidated financial statements.

Property, plant and equipment: Purchases of individual fixed assets of $5,000 or greater are capitalized and depreciated. Fixed assets are recorded at purchased cost. Depreciation of building and renovation costs is provided over the expected minimum life of the asset (40 and 15 years, respectively) using the straight-line method. Depreciation of furniture and equipment is provided over the estimated useful lives of the assets (3 to 5 years) using the straight-line method. Repairs are expensed as incurred.

If a fixed asset is purchased with funds provided by DHHS, and is disposed of, the following procedures apply: If the program for which the equipment is acquired is still receiving support from DHHS, and if the DHHS awarding agency approves, the net proceeds from the sale of the asset may be used for allowable costs of that program. Otherwise, the net amount must be remitted to the DHHS awarding agency.

Grants: The majority of funding for Start Early's operations is provided by governmental agencies. Governmental grants and contracts are accounted for as conditional promises to give and are recognized as revenue when the barriers have been substantially met. Generally, the barriers are met when services are performed, and amounts are expended in accordance with the agreement. Start Early has received conditional commitments, which generally represent unexpended government grants, amounting to approximately $24,000,000, which have not been recognized, because Start Early has not yet met the related barriers. These amounts are subject to recognition as Start Early incurs qualifying expenses and performs its duties under the terms of the grant agreements. Unexpended amounts received in advance are deferred to the period in which they are earned.

Contributions: Contributions, including donors' unconditional promises to give, are recognized as revenue at the net realizable value when the donor's commitment is received. All contributions are considered to be available for the general programs of Start Early unless specifically restricted by the donor.

Note 2. Summary of Significant Accounting Policies (Continued)

Donor-restricted gifts: Unconditional promises to give cash and other assets are reported as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Unconditional pledges that are expected to be collected within one year are recorded based on estimated future cash flows. Unconditional pledges that are expected to be collected in more than one year are recorded at the present value of estimated cash flows. The discounts on those amounts are computed using a risk-adjusted interest rate applicable to the year in which the promise is received. Amortization of the discount is included in contribution revenue.

Pledges receivable are written off when they become uncollectible, which is determined based on the length of time the receivables are past due and the responsiveness of the donor.

Donated service/in-kind: Contributed services represent services requiring specialized skills that Start Early would typically purchase, such as legal and consulting services. Gifts in-kind consist mainly of free rent. Gifts in-kind and contributed services are recognized at their estimated fair values at date of receipt with an equal and offsetting amount in expenses in the consolidated statements of activities, resulting in no net impact on the change in net assets during the year.

Start Early receives services from a large number of volunteers who give significant amounts of their time to fund-raising campaigns, various committees and programs; however, no amounts for these types of contributed services have been recognized in the consolidated financial statements because such services do not require specialized skills and there is no objective basis available to measure the value of such services.

Contributed services were $764,190 and $363,811 for the years ended June 30, 2021 and 2020, respectively. Contributed services in Start Early programs include discounted consulting and legal fees, and donated salary from one staff member.

Functional allocation of expenses: The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services. Operating expenses directly identified with a functional core program are charged to that program and, where these expenses affect more than one program, they are allocated on the basis of ratios estimated by management. Personnel costs are allocated based on estimates of time and effort. Occupancy, IT, and other shared costs are allocated based on usage or headcount.

Net assets: Net assets, revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions.

Without donor restrictions: Net assets without donor restrictions represent resources available for support of daily operations and contributions received for which there are no donor-imposed stipulations or time restrictions. Board-designated net assets without donor restrictions are assets that are earmarked for long-term investment by the board of directors.

Note 2. Summary of Significant Accounting Policies (Continued)

With donor restrictions: Net assets with donor restrictions represent net assets subject to donor-imposed restrictions that will be met either by actions of Start Early or passage of time. Also included in this category are net assets and pledges related to endowments, which represent resources subject to donor restrictions requiring that the principal be invested and maintained in perpetuity. The income generated from these funds is classified as net assets with donor restrictions until appropriated for expenditure. For the years ended June 30, 2021 and 2020, Start Early did not have any earnings on endowments that were subject to donor restrictions regarding purpose. Net assets released from restrictions represent amounts released from time restrictions or spent on restricted purposes.

Income taxes: Start Early and Bounce DC have received favorable determination letters from the Internal Revenue Service stating that they are exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code of 1986, except for income taxes pertaining to unrelated business income. The Financial Accounting Standards Board (FASB) issued guidance that requires tax effects from uncertain tax positions to be recognized in the consolidated financial statements only if the position is more likely than not to be sustained if the position were to be challenged by a taxing authority. Management has determined there are no material uncertain tax positions that require recognition in the consolidated financial statements, as such, no provision for income taxes is reflected. Additionally, there is no interest or penalties recognized in the consolidated statements of activities or consolidated statements of financial position.

Start Early and Bounce DC file Form 990 in the U.S. federal jurisdiction and the state of Illinois.

Adopted accounting pronouncements: In 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers, as a new topic, Accounting Standards Codification (ASC) Topic 606*. The objective of ASU 2014-09 is to establish a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most of the existing revenue recognition guidance, including industry-specific guidance. The core principle is that a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In applying the new standard, companies will perform a five-step analysis of transactions to determine when and how revenue is recognized. ASU 2014-09 applies to all contracts with customers except those that are within the scope of other topics in the FASB ASC. Start Early adopted this ASU in fiscal year 2021 using a modified retrospective approach. Adoption of this new standard did not have a significant impact on Start Early’s consolidated financial statements.

In 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*, which modifies the disclosure requirements for fair value measurements by removing, modifying, or adding certain disclosures. Start Early adopted this ASU in fiscal year 2021. Adoption of this new standard did not have a significant impact on Start Early’s consolidated financial statements.

Pending accounting pronouncements: In 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which requires organizations that lease assets (lessees) to recognize the assets and related liabilities for the rights and obligations created by the leases on the statements of financial position for leases with terms exceeding 12 months. ASU 2016-02 defines a lease as a contract or part of a contract that conveys the right to control the use of identified assets for a period of time in exchange for consideration. The lessee in a lease will be required to initially measure the right-of-use asset and the lease liability at the present value of the remaining lease payments, as well as capitalize initial direct costs as part of the right-of-use asset. ASU 2016-02 is effective for Start Early in fiscal year 2023. Early adoption is permitted.

Note 2. Summary of Significant Accounting Policies (Continued)

In 2020, the FASB issued ASU 2020-07, Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. This ASU addresses presentation and disclosure requirements for contributed nonfinancial assets by nonprofit entities. The new standard is effective for Start Early in fiscal year 2022.

In 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. This ASU provides optional expedients and exceptions for applying U.S. GAAP to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. The new standard is available for Start Early to adopt beginning in fiscal year 2021 and may be applied to contract modifications resulting from reference rate reform though December 31, 2022.

Start Early is currently evaluating the impact of the adoption of these standards on its consolidated financial statements.

Subsequent events: Start Early evaluated its June 30, 2021, consolidated financial statements for subsequent events through March 1, 2022, the date the consolidated financial statements were available to be issued.

Note 3. Liquidity and Availability

The table below represents financials assets and liquidity resources available for general expenditures within one year of June 30:

	2021	2020
Financial assets at year-end:		
Cash and cash equivalents	$ 16,548,338	$ 15,233,084
Accounts receivable - governmental agencies and other, net	7,389,902	8,983,490
Pledges receivable	18,030,164	19,768,998
Donor and board designated investments	26,711,473	21,964,866
Other investments	4,320,435	4,394,967
Total financial assets	73,000,312	70,345,405
Less amounts not available to be used within one year:		
Donor and board designated net assets	54,502,949	51,507,736
Less anticipated endowment appropriation	(912,000)	(921,000)
Less pledges receivable without purpose restrictions due within one year	(2,774,200)	(3,513,429)
Undesignated investments - long term	4,320,435	4,394,967
	55,137,184	51,468,274
Total financial assets available within one year	17,863,128	18,877,131
Liquidity resources:		
Bank line of credit	6,000,000	6,000,000
Total financial assets and liquidity resources available within one year	$ 23,863,128	$ 24,877,131

Note 3. Liquidity and Availability (Continued)

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

For purposes of analyzing resources available to meet general expenditures over a 12-month period, Start Early considers all expenditures related to its ongoing programs and subcontracted services as well as supporting services such as administrative and general and fund-raising to be general expenditures.

To help manage unanticipated liquidity needs, Start Early has committed lines of credit which it could draw upon. Additionally, Start Early has a board designated endowment of $5,854,540. Although Start Early does not intend to spend from its board designated endowment other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from its board designated endowment could be made available if necessary.

Note 4. Pledges Receivable

Pledges were discounted using risk-adjusted interest rates, up to approximately 4%, based on the year in which the pledge was received. An allowance for uncollectible pledges receivable is provided based upon management's judgment. Pledges receivable expected to be received in future years are as follows:

	2021	2020
Corporations, foundations, individuals and trusts	$ 18,641,899	$ 20,093,292
Less unamortized discount	(541,735)	(324,294)
Less allowance for uncollectible pledges	(70,000)	-
Net pledges receivable	$ 18,030,164	$ 19,768,998
Amount due in		
Less than one year	$ 8,881,399	$ 8,886,292
One to five years	9,660,500	11,007,000
Five to 10 years	100,000	200,000
Total	$ 18,641,899	$ 20,093,292

Note 5. NMTC Transaction

In October 2010, Bounce DC entered into a lease with the District of Columbia for land to be used for educational purposes, including the construction and operation of a facility, to include early childhood education. The lease is a 99-year lease at $1 per year and cannot be subleased without permission of the lessor. Bounce DC constructed a new building on this land, which it completed in August 2012 at a total cost of $13,042,361.

In September 2012, Bounce DC, as a leverage lender, and Educare DC (an unaffiliated entity), as program operator, were part of a New Market Tax Credits (NMTC) transaction that resulted in approximately $3,000,000 in support for Educare DC. As part of this transaction, the newly constructed building was leased to Educare DC through a capital lease. The lease is a non-cancelable lease for 65 years, requiring a single up-front payment of $12,700,000. The land and building are required to be used solely for educational purposes, including the construction and operation of a facility, to include early childhood education. Since the lease of the building was essentially a sale at the time the sublease was signed, the building was removed from the Bounce DC books. As a part of this transaction, Bounce DC also made an in-kind gift to Educare DC of approximately $500,000 of furniture and equipment.

Note 5. NMTC Transaction (Continued)

As Bounce DC is acting as an agent between the District of Columbia and Educare DC, and since the lease of the building is passed through to Educare DC, no amounts related to the lease and sublease are recorded in the consolidated financial statements. It was never intended that Bounce DC keep, use or benefit from the contributed land.

In September 2012, Bounce DC, as leverage lender, made a loan to Educare DC NMTC Investment Fund, LLC, a qualified equity investment fund involved in financing obtained through the NMTC transaction. The loan has interest-only payments for seven years at a 1% rate, payable quarterly.

The initial NMTC compliance period ended on September 12, 2019. Effective September 13, 2019, the NMTC unwind began when the equity investor of Educare DC NMTC Investment Fund, LLC exercised its put option and sold its ownership interest to Bounce DC for $1,000. In conjunction with this event, Bounce DC paid legal fees of $8,900. This action, in combination with other agreements, resulted in the forgiveness of a $10,700,070 note from Educare DC. The loan forgiveness was reflected as an expense on Bounce DC’s consolidated statement of activities in fiscal 2020. This reduction to Bounce DC’s net assets is in line with the purpose of the entity, which was primarily to facilitate NMTC transaction. Bounce DC plans to eventually file for dissolution.

Note 6. Investments

Investments are composed of funds subject to donor restrictions requiring that the principal be invested and maintained in perpetuity, as well as funds without donor restrictions designated for long-term investment by the board of directors.

The composition of investments at June 30, 2021 and 2020, is summarized as follows:

	2021			2020		
	Donor and Board Designated	Undesignated	Total	Donor and Board Designated	Undesignated	Total
Publicly traded:						
Money market funds	$ 15,882	$ 1,079	$ 16,961	$ 23,669	$ 2,620	$ 26,289
Equity securities	615,857	-	615,857	1,470,798	-	1,470,798
Mutual funds	19,780,761	2,316,194	22,096,955	15,506,544	2,463,816	17,970,360
Supplemental employees' retirement plan (mutual funds)	-	244,152	244,152	(1)	169,521	169,520
Total publicly traded	20,412,500	2,561,425	22,973,925	17,001,010	2,635,957	19,636,967
Other investments:						
Limited partnerships	6,298,973	1,759,010	8,057,983	4,963,856	1,759,010	6,722,866
Total	$ 26,711,473	$ 4,320,435	$ 31,031,908	$ 21,964,866	$ 4,394,967	$ 26,359,833

Note 7. Fair Value Disclosures

U.S. GAAP defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the inputs used to measure fair value and specifies disclosure requirements for fair value measurements. Furthermore, Start Early maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available.

Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances.

Note 7. Fair Value Disclosures (Continued)

The fair value hierarchy is broken down into three levels based on the transparency of inputs as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that Start Early has the ability to access.

Level 2: Inputs to the valuation methodology include observable market-based inputs that are corroborated by market data.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

However, the determination of what constitutes observable requires judgment by Start Early's management. Start Early's management considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary and provided by multiple, independent sources that are actively involved in the relevant market. The categorization of an investment within the fair value hierarchy is based on the pricing transparency of the investment and does not necessarily correspond to Start Early management's perceived risk of that investment.

Investment valuation: The following is a description of the valuation methodologies used for investments measured at fair value.

Investments, other than the limited partnership accounted for at cost, are reported at fair value. The fair value of investments with a readily determinable market value is based on the quoted market prices as of the close of the last business day of the year. The fair value of the Weatherlow Offshore Fund I Ltd. (Weatherlow) limited partnership is determined using net asset value (NAV) as a practical expedient.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while Start Early 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 table sets forth by level, within the fair value hierarchy, Start Early's financial instruments reported at fair value as of June 30, 2021:

	Level 1	Level 2	Level 3	Total
Money market funds	$ 16,961	$ -	$ -	$ 16,961
Equity securities	615,857	-	-	615,857
Mutual funds	22,341,107	-	-	22,341,107
	$ 22,973,925	$ -	$ -	22,973,925
Limited partnerships measured at NAV				6,298,973
Limited partnerships measured at cost				1,759,010
				$ 31,031,908

Note 7. Fair Value Disclosures (Continued)

The following table sets forth by level, within the fair value hierarchy, Start Early's financial instruments reported at fair value as of June 30, 2020:

	Level 1	Level 2	Level 3	Total
Money market funds	$ 26,289	$ -	$ -	$ 26,289
Equity securities	1,470,798	-	-	1,470,798
Mutual funds	18,139,880	-	-	18,139,880
	$ 19,636,967	$ -	$ -	19,636,967
Limited partnerships measured at NAV				4,963,856
Limited partnerships measured at cost				1,759,010
				$ 26,359,833

Investments measured at NAV using the practical expedient as of June 30, 2021, consisted of the following:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Weatherlow (a)	$ 6,298,973	$ -	See below	See below
Balance as of June 30, 2021	$ 6,298,973	$ -		

Investments measured at NAV using the practical expedient as of June 30, 2020, consisted of the following:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Weatherlow (a)	$ 4,963,856	$ -	See below	See below
Balance as of June 30, 2020	$ 4,963,856	$ -		

(a) Weatherlow is a multi-strategy hedge fund of funds launched in October 2002 that seeks to achieve long-term returns commensurate with the long-term returns from a portfolio invested in the general equity markets, while experiencing volatility more like that of a portfolio invested in the general debt markets. Weatherlow expects to have 20 to 30 core hedge fund managers within its portfolio and has experienced typical annualized turnover in hedge fund managers of approximately 15% since inception. Weatherlow invests in hedge fund managers across four main sectors: Long-Short Equity, Event Driven, Relative Value and Global Asset Allocation. Based on Evanston Capital Management, LLC's subjective assessment of the hedge funds in Weatherlow's portfolio, the average exposure since inception to each sector as of October 1, 2018, was 48% to Long-Short Equity, 20% to Event Driven, 11% to Relative Value and 18% to Global Asset Allocation. The investment is illiquid during the term of commitment.

Note 8. Property, Plant and Equipment

Property, plant and equipment consisted of the following as of June 30:

	2021	2020
Furniture and equipment	$ 2,843,563	$ 2,848,964
Building and leasehold improvements	15,507,717	15,107,247
Equipment financed through capital leases	378,131	606,310
Total property, plant and equipment	18,729,411	18,562,521
Less accumulated depreciation	(8,255,777)	(7,568,870)
Property, plant and equipment, net	$ 10,473,634	$ 10,993,651

Depreciation expense was $1,130,350 and $1,029,309 for the years ended June 30, 2021 and 2020, respectively.

Note 9. Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes at June 30:

	2021	2020
Subject to the passage of time:		
Pledges receivable without purpose restrictions	$ 7,498,559	$ 12,842,506
Subject to purpose restrictions:		
Direct work with children	589,980	440,802
Program and professional innovation	5,780,962	7,688,352
Policy and system innovation	9,100,040	7,466,905
Infrastructure and support	4,821,935	1,104,305
Endowment returns subject to future appropriations	6,204,184	2,499,079
Amounts with perpetual restrictions	14,652,749	14,652,749
Total net assets with donor restrictions	$ 48,648,409	$ 46,694,698

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors for the years ended June 30, 2021 and 2020, as follows:

	2021	2020
Direct work with children	$ 153,689	$ 506,590
Program and professional innovation	11,716,866	12,807,854
Policy and systems innovation	6,299,122	5,156,579
Infrastructure and support	3,828,898	2,855,661
Endowment appropriations	719,187	669,992
Total	$ 22,717,762	$ 21,996,676

Note 10. Endowment Net Assets

Start Early's endowment consists of donor-restricted, as well as board-designated for long-term investment funds. Net assets associated with Start Early's endowment funds are classified and reported based on the existence of donor-imposed restrictions.

The Uniform Prudent Management of Institutional Funds Act (UPMIFA) governs endowment funds in the state of Illinois. UPMIFA eliminates the historic dollar value rule with respect to endowment fund spending, updates the prudence standard for the management and investment of charitable funds, and amends the provisions governing the release and modification of restrictions on charitable funds. Start Early accounts for endowment net assets by preserving the fair value of the original gift as of the gift date of the donor-restricted endowment fund absent explicit donor stipulations to the contrary. As a result, Start Early classifies as net assets with donor restriction: (1) the original value of gifts donated to the permanent endowment, (2) the original value of subsequent gifts to the permanent endowment and (3) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the endowment fund. Start Early considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund.
2. The purposes of Start Early and the donor-restricted endowment fund.
3. General economic conditions.
4. The possible effects of inflation and deflation.
5. The expected total return from income and the appreciation of investments.
6. Other resources of Start Early.
7. The investment policies of Start Early.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or Illinois UPMIFA requires Start Early to retain as a fund of perpetual duration. Start Early has interpreted UPMIFA to allow spending from the endowment under such circumstances, in accordance with standards of prudence. There were no such deficiencies at June 30, 2021 and 2020.

Start Early has a board-approved distribution policy calculated annually as part of the organizational budget process. The decision to draw a distribution each year is at the discretion of the board. Start Early's investment policies specify a diversified portfolio with ranges for each asset type and include maximum volatility parameters. Start Early has an active Finance Committee that meets regularly to ensure that the objectives of the investment policy are being met, and that the strategies used to meet the objectives are in accordance with the investment policy.

The endowment net asset composition by type of fund as of June 30, 2021, is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	$ -	$ 20,856,933	$ 20,856,933
Board-designated for long-term investment funds	5,854,540	-	5,854,540
Total	$ 5,854,540	$ 20,856,933	$ 26,711,473

Note 10. Endowment Net Assets (Continued)

The changes in endowment net assets for the fiscal year ended June 30, 2021, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 4,813,038	$ 17,151,828	$ 21,964,866
Investment return	1,243,315	4,424,292	5,667,607
Appropriations of endowment assets for expenditures of endowment funds	(201,813)	(719,187)	(921,000)
Endowment net assets, end of year	$ 5,854,540	$ 20,856,933	$ 26,711,473

The endowment net asset composition by type of fund as of June 30, 2020, is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	$ -	$ 17,151,828	$ 17,151,828
Board-designated for long-term investment funds	4,813,038	-	4,813,038
Total	$ 4,813,038	$ 17,151,828	$ 21,964,866

The changes in endowment net assets for the fiscal year ended June 30, 2020, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 5,011,371	$ 17,858,613	$ 22,869,984
Investment return	(10,325)	(36,793)	(47,118)
Appropriations of endowment assets for expenditures of endowment funds	(188,008)	(669,992)	(858,000)
Endowment net assets, end of year	$ 4,813,038	$ 17,151,828	$ 21,964,866

Note 11. Paycheck Protection Program Loan Payable

In April 2020, Start Early applied for and received a loan in the amount of $5,571,900 from PNC Bank as part of the Paycheck Protection Program (PPP), a loan program administered through the Small Business Administration (SBA), in conjunction with the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Start Early determined it was eligible for the loan as the coronavirus pandemic caused financial uncertainty and anticipated decreases in normal cash inflows. The outstanding principal accrues interest at an annual rate of 1%. All outstanding principal and accrued interest are due when the loan matures in April 2022. Under the terms of the loan program, all or a portion of the loan may be forgiven if Start Early uses the proceeds for eligible costs and maintains certain employee and wage rate thresholds. During fiscal year 2021, Start Early repaid an excess loan amount of $84,369, resulting in an outstanding loan balance at June 30, 2021 of $5,487,531.

Subsequent to year-end, Start Early requested and was granted forgiveness for $3,649,702 of its PPP loan plus related interest. The balance of the loan that was not forgiven was repaid in January 2022.

Note 12. Commitments

Start Early leases office space under operating lease agreements with escalating rental payments. The leases generally provide that Start Early pay for its share of real estate taxes and common area expenses. One lease was amended at the end of fiscal year 2018, resulting in a tenant improvement allowance of approximately $4,700,000, all of which was used in fiscal 2019. The allowance for tenant improvements is included in the deferred rent liability on the consolidated statements of financial position and is being amortized as a reduction to rent expense on a straight-line basis over the life of the lease. As of June 30, 2021, the deferred tenant improvement allowance balance was $3,588,049.

Rental expense, net of the amortization of deferred rent, was $1,579,200 and $1,640,728 for the years ended June 30, 2021 and 2020, respectively.

Office leases expire during fiscal years 2022 through 2031 and require the following minimum annual lease payments as of June 30, 2021:

Years ending June 30	
2022	$ 1,666,957
2023	1,692,023
2024	1,717,177
2025	1,640,496
2026	1,612,322
Thereafter	6,948,422
Total	$ 15,277,397

Start Early has a line-of-credit agreement with a bank in the amount of $6,000,000. There were no borrowings against the line at June 30, 2021 and 2020. The interest rate is equal to the daily LIBOR rate, plus 1.85% and the expiration date is March 31, 2022. The interest rates for fiscal years 2021 and 2020, were 2.98% and 2.01%, respectively.

Start Early has several leases for equipment which are classified as capital leases in the financial statements. The net book value of the leased assets at June 30, 2021 and 2020, was $263,617 and $403,998, respectively.

Note 12. Commitments (Continued)

Future minimum lease obligations under capital leases as of June 30, 2021, included in other liabilities on the statement of financial position, are as follows:

Years ending June 30		
2022	$	114,367
2023		82,699
2024		8,020
Total minimum lease payments		205,086
Less amount representing interest		6,125
Present value of minimum lease payments	$	198,961

Note 13. Retirement Plans

Start Early sponsors a defined contribution 401(k) retirement plan (the Plan). Participants may elect to contribute a percentage of their salaries to the Plan. Start Early contributed 3.8% of each participant's annual compensation to the Plan in 2021 and 6% in 2020. Start Early recorded contributions of $1,033,712 and $1,286,998 during the years ended June 30, 2021 and 2020, respectively.

Start Early also sponsors a supplemental employees' retirement plan, an unfunded, non-qualified deferred compensation plan. Start Early did not make contributions to this plan in 2021 or 2020.

Note 14. Educare Chicago Building

During fiscal year 2000, Start Early commenced the operation of an early childhood education facility located in Chicago, Illinois.

Pursuant to an agreement dated April 1, 1998, with the Chicago School Reform Board of Trustees on behalf of the Board of Education of the City of Chicago (the Board of Education), the title to the facility was transferred from Start Early to the Board of Education. Simultaneously, Start Early entered into an operating lease with the Board of Education for the property for a term of 99 years, with a nominal rent payable per year. Start Early considers the cost of construction of the building to be leasehold improvements.

Start Early depreciates the leasehold improvements cost over 40 years, the estimated useful life of the building, and the related expense is included in total depreciation expense. Donated rent by the Board of Education is recorded in the consolidated statements of activities as a gift in-kind, with an offsetting amount to rent expense. Contributed rent was $75,000 each year for the years ended June 30, 2021 and 2020.

Note 15. Acquisitions

In January 2020, Start Early entered into an asset transfer agreement with a Washington nonprofit corporation to take over and expand its home visiting professional development work. Start Early recorded the acquisition in accordance with the Business Combinations Topic of the ASC, which requires the acquisition method to be used for business combinations. There was no consideration transferred for the acquisition, therefore, Start Early recognized on its consolidated statement of activities a contribution of net assets of $2,860,732. As a result of the transaction, no identifiable intangible assets were acquired.

The following table summarizes the acquisition date fair values of the assets acquired and liabilities assumed:

Cash	$ 246,520
Pledges receivable - short term	130,874
Grants receivable	180,833
Fixed assets	12,765
Investments	2,462,829
Total assets acquired	3,033,821
Accounts payable	75,928
Accrued expenses	97,161
Total liabilities assumed	173,089
Contribution received from acquisition	$ 2,860,732

Included in net assets contributed through the acquisition is $100,000 of donor-restricted funds, which had been contributed to the acquired organization in a previous year. Start Early has maintained that donor restriction upon acquisition and will spend the funds according to their restricted purpose.

In April 2021, Start Early assumed the activities of Early Learning Lab, formerly a project of the New Venture Fund, with the goal of broadening and deepening Start Early expertise in human-centered design and technology approaches to early childhood innovation. Start Early recorded the transaction in accordance with the Business Combinations Topic of the ASC, which requires the acquisition method to be used for business combinations. There was no consideration transferred for the acquisition, therefore, Start Early recognized on its consolidated statement of activities a contribution of net assets without donor restrictions (consisting entirely of cash) of $114,148. As a result of the transaction, no identifiable intangible assets were acquired.

Note 16. Related Parties

Donations to Start Early from board members and staff were $3,151,980 and $2,732,767 for the years ended June 30, 2021 and 2020, respectively. At June 30, 2021 and 2020, $1,746,188 and $1,825,354 were included in pledges receivable.

Note 17. Impact of Coronavirus Pandemic

On March 11, 2020, the World Health Organization declared the coronavirus (COVID-19) outbreak to be a pandemic. The coronavirus and actions taken to mitigate the spread of it have had and are expected to continue to have an adverse impact on the economy, including the geographical area in which the Start Early operates.

With the economic downturn, it is possible that Start Early may experience a decline in contribution and other revenue. To mitigate the financial impact of the pandemic, Start Early applied for and received a PPP loan in the amount of $5,487,531, as described in Note 11, and implemented a cost reduction plan primarily resulting in a reduction of workforce and other general operating expenses. Since the start of the pandemic and through fiscal year 2021, foundational and individual funders supported Start Early by providing $695,925 of emergency relief funds for families. Additionally, the U.S. Department of Health and Human Services Administration for Children and Families has awarded $4,625,277 to prevent, prepare for, and respond to coronavirus disease.

It is unknown how long the adverse conditions associated with the coronavirus will last and what the complete financial effect will be to Start Early.

Supplemental Information

Start Early

Consolidating Statement of Financial Position
June 30, 2021 (With Comparative Totals for 2020)

	2021			
	Start Early[1]	Bounce DC	Total	2020
Assets				
Current assets:				
Cash and cash equivalents	$ 16,394,758	$ 153,580	$ 16,548,338	$ 15,233,084
Accounts receivable - governmental agencies and other, net	7,389,902	-	7,389,902	8,983,490
Pledges receivable, current, net	8,811,399	-	8,811,399	8,886,292
Deposits, prepaid expenses and other assets	950,836	6,823	957,659	760,790
Total current assets	33,546,895	160,403	33,707,298	33,863,656
Investments:				
Donor and board designated	26,711,473	-	26,711,473	21,964,866
Undesignated	4,320,435	-	4,320,435	4,394,967
Total investments	31,031,908	-	31,031,908	26,359,833
Pledges receivable, net of current portion	9,218,765	-	9,218,765	10,882,706
Property, plant and equipment, net	10,473,634	-	10,473,634	10,993,651
Total assets	$ 84,271,202	$ 160,403	$ 84,431,605	$ 82,099,846
Liabilities and Net Assets				
Liabilities:				
Current liabilities:				
Accounts payable and accrued expenses	$ 10,294,189	$ -	$ 10,294,189	$ 9,356,489
Deferred revenue	1,382,766	-	1,382,766	711,199
Current portion of lease liability	112,655	-	112,655	133,583
Total current liabilities	11,789,610	-	11,789,610	10,201,271
Paycheck Protection Program loan payable	5,487,531	-	5,487,531	5,571,900
Capital lease liability, net of current portion	86,306	-	86,306	186,823
Deferred rent	3,950,824	-	3,950,824	4,308,158
Other liabilities	244,151	-	244,151	169,520
Total liabilities	21,558,422	-	21,558,422	20,437,672
Net assets:				
Without donor restrictions:				
Undesignated	8,209,831	160,403	8,370,234	10,154,438
Board designated	5,854,540	-	5,854,540	4,813,038
	14,064,371	160,403	14,224,774	14,967,476
With donor restrictions	48,648,409	-	48,648,409	46,694,698
Total net assets	62,712,780	160,403	62,873,183	61,662,174
Total liabilities and net assets	$ 84,271,202	$ 160,403	$ 84,431,605	$ 82,099,846

[1] Start Early includes the financial information of FFYF

Start Early

Consolidating Statement of Activities
Year Ended June 30, 2021

	Start Early[1]			Bounce DC	Total		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and other support:							
Grants:							
State of Illinois Department of Human Services:							
Division of Family and Community Services	$ 11,117,143	$ -	$ 11,117,143	$ -	$ 11,117,143	$ -	$ 11,117,143
Bureau of Child Care and Development	72,375	-	72,375	-	72,375	-	72,375
Illinois State Board of Education	4,307,823	-	4,307,823	-	4,307,823	-	4,307,823
State of Illinois Department of Children and Family Services	4,692	-	4,692	-	4,692	-	4,692
U.S. Department of Health and Human Services	20,691,003	-	20,691,003	-	20,691,003	-	20,691,003
U.S. Department of Agriculture	31,813	-	31,813	-	31,813	-	31,813
City of Chicago-DFSS	2,458,478	-	2,458,478	-	2,458,478	-	2,458,478
Washington State Department of Children, Youth and Families	1,140,085	-	1,140,085	-	1,140,085	-	1,140,085
Other grants	843,100	-	843,100	-	843,100	-	843,100
Contributions	5,720,233	20,247,181	25,967,414	-	5,720,233	20,247,181	25,967,414
Investment return, net	1,922,788	4,424,292	6,347,080	37	1,922,825	4,424,292	6,347,117
Other revenue	2,453,258	-	2,453,258	-	2,453,258	-	2,453,258
Donated service/in-kind	839,190	-	839,190	-	839,190	-	839,190
Net assets released from restrictions	22,717,762	(22,717,762)	-	-	22,717,762	(22,717,762)	-
Total revenue and other support	74,319,743	1,953,711	76,273,454	37	74,319,780	1,953,711	76,273,491
Expenses:							
Program services:							
Direct work with children	30,063,928	-	30,063,928	-	30,063,928	-	30,063,928
Program and professional innovation	21,992,534	-	21,992,534	-	21,992,534	-	21,992,534
Policy and systems innovation	7,928,821	-	7,928,821	-	7,928,821	-	7,928,821
Infrastructure and support	5,870,155	-	5,870,155	-	5,870,155	-	5,870,155
Total program services	65,855,438	-	65,855,438	-	65,855,438	-	65,855,438
Supporting services:							
General and administrative activities	6,878,795	-	6,878,795	-	6,878,795	-	6,878,795
Fund-raising	2,442,397	-	2,442,397	-	2,442,397	-	2,442,397
Total supporting services	9,321,192	-	9,321,192	-	9,321,192	-	9,321,192
Total expenses	75,176,630	-	75,176,630	-	75,176,630	-	75,176,630
Change in net assets before other changes	(856,887)	1,953,711	1,096,824	37	(856,850)	1,953,711	1,096,861
Other changes in net assets:							
Contribution of net assets received from acquisition	114,148	-	114,148	-	114,148	-	114,148
Change in net assets	(742,739)	1,953,711	1,210,972	37	(742,702)	1,953,711	1,211,009
Net assets at beginning of year	14,807,110	46,694,698	61,501,808	160,366	14,967,476	46,694,698	61,662,174
Net assets at end of year	$ 14,064,371	$ 48,648,409	$ 62,712,780	$ 160,403	$ 14,224,774	$ 48,648,409	$ 62,873,183

[1] Start Early includes the financial information of FFYF

Start Early

Consolidating Statement of Activities
Year Ended June 30, 2020

	Start Early[1]			Bounce DC	Total		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	Without Donor Restriction	With Donor Restriction	Total
Revenue and other support:							
Grants:							
State of Illinois Department of Human Services:							
Division of Family and Community Services	$ 11,018,047	$ -	$ 11,018,047	$ -	$ 11,018,047	$ -	$ 11,018,047
Bureau of Child Care and Development	606,222	-	606,222	-	606,222	-	606,222
Illinois State Board of Education	4,676,551	-	4,676,551	-	4,676,551	-	4,676,551
State of Illinois Department of Children and Family Services	37,282	-	37,282	-	37,282	-	37,282
U.S. Department of Health and Human Services	16,491,279	-	16,491,279	-	16,491,279	-	16,491,279
U.S. Department of Agriculture	82,743	-	82,743	-	82,743	-	82,743
City of Chicago-DFSS	3,263,459	-	3,263,459	-	3,263,459	-	3,263,459
Washington State Department of Children, Youth and Families	469,229	-	469,229	-	469,229	-	469,229
Other grants	121,584	-	121,584	-	121,584	-	121,584
Contributions	5,882,466	27,284,971	33,167,437	-	5,882,466	27,284,971	33,167,437
Investment return, net	986,780	(36,793)	949,987	463	987,243	(36,793)	950,450
Other revenue	2,260,644	-	2,260,644	21,102	2,281,746	-	2,281,746
Donated service/in-kind	411,765	-	411,765	27,046	438,811	-	438,811
Net assets released from restrictions	21,996,676	(21,996,676)	-	-	21,996,676	(21,996,676)	-
Total revenue and other support	68,304,727	5,251,502	73,556,229	48,611	68,353,338	5,251,502	73,604,840
Expenses:							
Direct program services:							
Direct work with children	29,628,051	-	29,628,051	-	29,628,051	-	29,628,051
Program and professional innovation	20,722,930	-	20,722,930	-	20,722,930	-	20,722,930
Policy and systems innovation	7,928,046	-	7,928,046	-	7,928,046	-	7,928,046
Infrastructure and support	5,714,692	-	5,714,692	-	5,714,692	-	5,714,692
Total direct program services	63,993,719	-	63,993,719	-	63,993,719	-	63,993,719
Bounce DC	-	-	-	77,409	77,409	-	77,409
Total program services	63,993,719	-	63,993,719	77,409	64,071,128	-	64,071,128
Supporting services:							
General and administrative activities	6,910,439	-	6,910,439	-	6,910,439	-	6,910,439
Fund-raising	3,074,373	-	3,074,373	-	3,074,373	-	3,074,373
Total supporting services	9,984,812	-	9,984,812	-	9,984,812	-	9,984,812
Total expenses	73,978,531	-	73,978,531	77,409	74,055,940	-	74,055,940
Change in net assets before other changes	(5,673,804)	5,251,502	(422,302)	(28,798)	(5,702,602)	5,251,502	(451,100)
Other changes in net assets:							
Contribution of net assets received from acquisition	2,760,732	100,000	2,860,732	-	2,760,732	100,000	2,860,732
Loss for uncollectible promises to give	-	(403,233)	(403,233)	-	-	(403,233)	(403,233)
NMTC loan forgiveness	-	-	-	(10,700,070)	(10,700,070)	-	(10,700,070)
	2,760,732	(303,233)	2,457,499	(10,700,070)	(7,939,338)	(303,233)	(8,242,571)
Change in net assets	(2,913,072)	4,948,269	2,035,197	(10,728,868)	(13,641,940)	4,948,269	(8,693,671)
Net assets at beginning of year	17,720,182	41,746,429	59,466,611	10,889,234	28,609,416	41,746,429	70,355,845
Net assets at end of year	$ 14,807,110	$ 46,694,698	$ 61,501,808	$ 160,366	$ 14,967,476	$ 46,694,698	$ 61,662,174

[1] Start Early includes the financial information of FFYF