



child care
RESOURCE CENTER

**AUDITED
FINANCIAL STATEMENTS**

**YEARS ENDED
JUNE 30, 2022 AND 2021**

CHILD CARE RESOURCE CENTER, INC.

Table of Contents

Independent Auditors' Report.....	1 - 2
<u>Financial Statements</u>	
Statements of Financial Position	3
Statements of Activities and Changes in Net Assets.....	4
Statements of Functional Expenses.....	5 - 6
Statements of Cash Flows	7
Notes to Financial Statements	8 - 13
<u>Title 2 U.S. Code of Federal Regulations Part 200 Audit Requirements</u>	
Schedule of Expenditures of Federal Awards	14
Notes to the Schedule of Expenditures of Federal Awards.....	15
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with <i>Government Auditing Standards</i>	16 - 17
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	18 - 20
Schedule of Findings and Questioned Costs	21

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Child Care Resource Center, Inc.
Lorain, Ohio

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Child Care Resource Center, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Child Care Resource Center, Inc. as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Child Care Resource Center, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Management's Responsibility for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

INDEPENDENT AUDITORS' REPORT (CONTINUED)

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

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

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

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2022, on our consideration of the Child Care Resource Center, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Child Care Resource Center, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Child Care Resource Center, Inc.'s internal control over financial reporting and compliance.

Barnes Wendling CPAs

Sheffield Village, Ohio
November 22, 2022

CHILD CARE RESOURCE CENTER, INC.

Statements of Financial Position

	June 30,	
	2022	2021
ASSETS		
Cash and cash equivalents	\$ 63,343	\$ 201,749
Receivables:		
Grants receivable	294,855	184,845
Meal reimbursement receivables	141,098	129,972
Accounts receivable	53,705	20,148
Property and equipment, net	173,021	163,038
Website development costs, net	5,250	12,250
	<u>\$ 731,272</u>	<u>\$ 712,002</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Payables:		
Accounts payable	\$ 55,768	\$ 57,976
Meal reimbursement payable	141,098	129,972
Accrued payroll and related expenses	11,353	29,340
Paycheck Protection Program loan	-0-	162,500
	<u>208,219</u>	<u>379,788</u>
Net Assets		
Without donor restriction	523,053	316,769
With donor restriction	-0-	15,445
	<u>523,053</u>	<u>332,214</u>
	<u>\$ 731,272</u>	<u>\$ 712,002</u>

See Notes to Financial Statements

CHILD CARE RESOURCE CENTER, INC.

Statements of Activities and Changes in Net Assets

	Years Ended June 30,	
	2022	2021
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTION		
Revenue and other support		
Government grant contracts	\$ 2,375,233	\$ 1,817,615
Program service fees	125,040	106,097
Contributions	3,507	2,238
Other income	24	407
Paycheck Protection Program loan forgiveness	162,500	-0-
Total revenues and other support	<u>2,666,304</u>	<u>1,926,357</u>
Release of restriction	15,445	8,555
	<u>2,681,749</u>	<u>1,934,912</u>
Expenses		
Program services:		
Child and adult care food program	1,374,296	1,029,244
Parent, provider, and community services	917,061	695,808
Other programs	162,167	222,519
	<u>2,453,524</u>	<u>1,947,571</u>
Management and general	21,941	28,495
Total expenses	<u>2,475,465</u>	<u>1,976,066</u>
Changes in net assets without donor restriction	206,284	(41,154)
CHANGES IN NET ASSETS WITH DONOR RESTRICTION		
Revenue and other support		
Contributions	-0-	24,000
Release of restriction	(15,445)	(8,555)
Changes in net assets with donor restriction	<u>(15,445)</u>	<u>15,445</u>
Changes in net assets	190,839	(25,709)
Net assets, beginning of year	<u>332,214</u>	<u>357,923</u>
Net assets, end of year	<u><u>\$ 523,053</u></u>	<u><u>\$ 332,214</u></u>

See Notes to Financial Statements

CHILD CARE RESOURCE CENTER, INC.

Statement of Functional Expenses Year Ended June 30, 2022

	Child and Adult Care Food Program	Parent, Provider, and Community Services	Other Programs	Total Program Expenses	Management and General	Total
Salaries and wages	\$ 212,052	\$ 609,327	\$ 92,732	\$ 914,111	\$ 6,197	\$ 920,308
Provider expenses	1,115,553	-0-	-0-	1,115,553	-0-	1,115,553
Program supplies and related costs	7,138	45,065	52,990	105,193	275	105,468
Professional fees and contracted services	8,365	34,847	1,072	44,284	221	44,505
Training and travel	5,178	16,094	1,128	22,400	-0-	22,400
Occupancy and office	8,417	78,367	2,059	88,843	498	89,341
Information technology	17,052	54,105	5,032	76,189	133	76,322
Scholarships	-0-	33,750	-0-	33,750	-0-	33,750
Repairs and maintenance	541	34,449	-0-	34,990	66	35,056
Depreciation and amortization	-0-	-0-	7,000	7,000	12,614	19,614
Insurance	-0-	8,875	-0-	8,875	-0-	8,875
Miscellaneous	-0-	2,182	154	2,336	1,937	4,273
Total Expenses	<u>\$ 1,374,296</u>	<u>\$ 917,061</u>	<u>\$ 162,167</u>	<u>\$ 2,453,524</u>	<u>\$ 21,941</u>	<u>\$ 2,475,465</u>

See Notes to Financial Statements

CHILD CARE RESOURCE CENTER, INC.

Statement of Functional Expenses Year Ended June 30, 2021

	Child and Adult Care Food Program	Parent, Provider, and Community Services	Other Programs	Total Program Expenses	Management and General	Total
Salaries and wages	\$ 148,616	\$ 468,600	\$ 139,089	\$ 756,305	\$ 6,773	\$ 763,078
Provider expenses	862,003	-0-	-0-	862,003	-0-	862,003
Program supplies and related costs	325	30,733	75,145	106,203	549	106,752
Professional fees and contracted services	3,860	37,428	1,995	43,283	854	44,137
Training and travel	1,261	8,662	8	9,931	-0-	9,931
Occupancy and office	243	18,030	1,863	20,136	2,938	23,074
Information technology	12,936	44,428	4,078	61,442	39	61,481
Scholarships	-0-	48,600	-0-	48,600	-0-	48,600
Repairs and maintenance	-0-	28,230	57	28,287	11	28,298
Depreciation and amortization	-0-	-0-	-0-	-0-	14,959	14,959
Insurance	-0-	8,699	-0-	8,699	-0-	8,699
Miscellaneous	-0-	2,398	284	2,682	2,372	5,054
Total Expenses	<u>\$ 1,029,244</u>	<u>\$ 695,808</u>	<u>\$ 222,519</u>	<u>\$ 1,947,571</u>	<u>\$ 28,495</u>	<u>\$ 1,976,066</u>

See Notes to Financial Statements

CHILD CARE RESOURCE CENTER, INC.

Statements of Cash Flows

	Years Ended June 30,	
	2022	2021
Cash Flows From Operating Activities		
Changes in net assets	\$ 190,839	(\$ 25,709)
Adjustments to reconcile changes in net assets to net cash and cash equivalents provided by (used in) operating activities:		
Depreciation and amortization	19,614	14,959
Paycheck Protection Program loan forgiveness	(162,500)	-0-
(Increase) decrease in assets		
Grants receivable	(110,010)	31,966
Meal reimbursement receivables	(11,126)	(71,762)
Accounts receivable	(33,557)	12,685
Increase (decrease) in liabilities		
Accounts payable	(2,208)	(6,520)
Meal reimbursement payable	11,126	71,762
Accrued payroll and related expenses	(17,987)	29,340
Net cash and cash equivalents provided by (used in) operating activities	(115,809)	56,721
Cash Flows From Investing Activities		
Purchase of property and equipment	(22,597)	(60,546)
Net cash and cash equivalents used in investing activities	(22,597)	(60,546)
Cash Flows From Financing Activities		
Proceeds from PPP loan	-0-	162,500
Net cash and cash equivalents provided by financing activities	-0-	162,500
Net increase (decrease) in cash and cash equivalents	(138,406)	158,675
Cash and cash equivalents at beginning of year	201,749	43,074
Cash and cash equivalents at end of year	\$ 63,343	\$ 201,749

See Notes to Financial Statements

CHILD CARE RESOURCE CENTER, INC.

Notes to Financial Statements Years Ended June 30, 2022 and 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Child Care Resource Center, Inc. (the Organization) is a regional resource and referral agency dedicated to the well-being of children through a quality child care delivery system. To accomplish this mission, the Organization actively helps families find child care; recruits, trains, and supports caregivers; provides start-up information for child care programs; collects data for community planning; and advocates and supports laws and programs that make quality child care affordable and accessible. The agency provides services for five counties (Erie, Huron, Lorain, Sandusky, and Seneca) in North Central Ohio.

Basis of Accounting

The financial statements of the Organization have been prepared utilizing the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities. Furthermore, the accounting policies adhered to by the Organization are generally consistent with the *Audit and Accounting Guide for Not-For-Profit Entities* issued by the American Institute of Certified Public Accountants.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board. The Organization is required to report information regarding its financial position and activities according to two classes of net assets:

Net Assets without Donor Restrictions

Net assets not subject to donor imposed restrictions.

Net Assets with Donor Restrictions

Net assets subject to donor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates resources to be maintained in perpetuity.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Organization's cash balances may exceed the federally insured amount from time to time.

CHILD CARE RESOURCE CENTER, INC.

Notes to Financial Statements Years Ended June 30, 2022 and 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables

Receivables are due on the 30th day of the month following billing and bear no interest on the unpaid balance.

Receivables are stated at the amount management expects to collect from balances outstanding at year-end. Management monitors outstanding balances and writes off balances deemed uncollectible. Based on management's assessment of the collection history and current donor relationships, an allowance for doubtful accounts was not deemed necessary as of June 30, 2022 and 2021. Bad debt expense was \$-0- for the years ended June 30, 2022 and 2021.

Property and Equipment

The Organization capitalizes all long-lived assets with a useful life of more than one year. Property and equipment are recorded at historical cost. Property and equipment costs are being depreciated using the straight-line method over the assets' estimated useful lives. Property and equipment costs are accounted for as follows:

	<u>Estimated Useful Life</u>
Building and building improvements	10 - 39 Years
Office equipment and furniture	3 - 7 Years

Property, equipment, and website costs consist of the following:

	<u>June 30,</u>	
	<u>2022</u>	<u>2021</u>
Building and improvements	\$ 321,158	\$ 258,805
Office equipment and furniture	40,034	61,700
	<u>361,192</u>	<u>320,505</u>
Less: accumulated depreciation	188,171	197,223
Assets not yet placed in service	<u>-0-</u>	<u>39,756</u>
	<u>\$ 173,021</u>	<u>\$ 163,038</u>

All expenses for repairs and maintenance not adding to the useful life of property and equipment are expensed in the period incurred. Depreciation for the years ended June 30, 2022 and 2021 was \$12,614 and \$7,959, respectively.

CHILD CARE RESOURCE CENTER, INC.

Notes to Financial Statements Years Ended June 30, 2022 and 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Website Development Costs

The Organization developed a website to promote the Organization and its purpose. The Organization expenses costs associated with developing and measuring the feasibility of the website. Costs associated with the development, programming, and creation of the website are capitalized. These assets are amortized using the straight-line method over their estimated useful life of three years when the website is available for use. The costs to maintain and update the website are expensed as incurred. At June 30, 2022 and 2021, website development costs were \$21,000 with accumulated amortization of \$15,750 and \$8,750, respectively. Amortization for the years ended June 30, 2022 and 2021 was \$7,000.

Revenue Recognition

Government Grant Contracts

The Organization's government grant contract revenue is derived from cost-reimbursable federal, state, and local contracts and grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statements of financial position. The Organization has cost-reimbursable grants of \$1,012,001 and \$273,826 not recognized at June 30, 2022 and 2021, respectively, because qualifying expenditures have not yet been incurred.

Program Service Fees

The Organization's program service fee revenue is derived from registration fees associated with training and professional development programs. The Organization's training and professional development programs are delivered through various methods on a wide range of topics. The Organization's trainings help participants meet state licensing requirements, achieve higher levels of Step Up to Quality, and earn national credentials or college-level credit. Program services fees are recognized as revenue when the training and professional development programs take place. Deferred revenue exists when program service fees are received for training and professional development programs taking place in the next fiscal year.

Contributions

The Organization recognizes contributions in the period in which cash, securities, pledge or grant (unconditional promises to give), or a notification of a beneficial interest is received. Conditional promises to give, those with a measurable performance or other barrier and a right of return, are not recognized as contributions and grants until the conditions on which they depend are substantially met.

Tax Status

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Organization evaluates at each balance sheet date uncertain tax positions taken, if any, to determine the need to record liabilities for taxes, penalties, and interest. The Organization's policy is to record interest and penalties on uncertain tax provisions as income tax expense. As of June 30, 2022 and 2021, the Organization had no accrued taxes, interest, or penalties related to uncertain tax positions. The Organization has determined there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

CHILD CARE RESOURCE CENTER, INC.

Notes to Financial Statements Years Ended June 30, 2022 and 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

The financial statements report certain categories of expenses attributed to more than one program or supporting function. Expenses identified with a specific program or supporting function are recorded directly according to their natural and functional expense classification. Certain expenses relate to more than one function and require allocation on a reasonable basis consistently applied. The expenses allocated include salaries and wages, professional fees and contracted services, training and travel, occupancy and office, information technology, repairs and maintenance, insurance, and miscellaneous, which are allocated on the basis of estimates of time and effort.

Paycheck Protection Program Loan

The Organization elected to account for Paycheck Protection Program (PPP) loan using the debt model. Under this method of accounting, the Organization recorded the loan from its bank as long-term debt with accrued interest until such time as the loan was formally forgiven, at which time the Organization recorded the debt forgiveness as PPP loan forgiveness.

Under the CARES Act, the Organization applied for and received a PPP loan of \$162,500 in April 2021. The loan bore interest at 1.00%. The Organization received formal forgiveness in December 2021 and recognized PPP loan forgiveness of \$162,500.

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 affecting certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent Events

Subsequent events have been evaluated through November 22, 2022, which is the date these financial statements were available to be issued.

NOTE B - LIQUIDITY AND AVAILABILITY

The Organization regularly monitors the availability of resources required to meet its operating needs while striving to maximize the use of its available funds. For purposes of analyzing resources available to meet general expenditures over a twelve month period, the Organization considers all expenditures related to its ongoing programs and support services to be general expenditures. The Organization also has access to a line of credit, with \$75,000 available to meet cash needs. See Note C for further details.

In addition to the financial assets available to meet general expenditures over the next twelve months, the Organization generally operates with a balanced budget and anticipates collecting sufficient revenue to cover the portion of general expenditures not covered by the financial assets listed below.

CHILD CARE RESOURCE CENTER, INC.

Notes to Financial Statements Years Ended June 30, 2022 and 2021

NOTE B - LIQUIDITY AND AVAILABILITY (CONTINUED)

The table below presents financial assets available for general expenditures within one year:

	June 30,	
	2022	2021
Cash and cash equivalents	\$ 63,343	\$ 201,749
Receivables:		
Reimbursement grants receivable	294,855	184,845
Meal reimbursement receivables	141,098	129,972
Accounts receivable	53,705	20,148
Financial assets available to meet the cash need for general expenditures within one year	<u>\$ 553,001</u>	<u>\$ 536,714</u>

NOTE C - LINE OF CREDIT

The Organization has a demand line of credit with a bank with maximum borrowings of \$75,000 at the prime interest rate (4.75% at June 30, 2022) plus 1.00%. The line of credit is collateralized by the Organization's building. The Organization had outstanding borrowings of \$-0- at June 30, 2022 and 2021. The line of credit renews on an annual basis.

NOTE D - NET ASSETS WITH DONOR RESTRICTION

Net assets of \$-0- and \$15,445 were restricted by donors for workforce development at June 30, 2022 and 2021, respectively.

NOTE E - OPERATING LEASE

The Organization leases a piece of office equipment under a non-cancelable operating lease expiring in November 2023. The future minimum lease payments required under this operating lease are as follows:

Years Ending June 30,	Amount
2023	\$ 7,788
2024	3,245
	<u>\$ 11,033</u>

Lease expenses charged to operations for the years ended June 30, 2022 and 2021 was \$7,905 and \$7,853, respectively.

CHILD CARE RESOURCE CENTER, INC.

Notes to Financial Statements Years Ended June 30, 2022 and 2021

NOTE F - RETIREMENT PLAN

The Organization has established a tax-deferred annuity plan qualified under Section 403(b) of the Internal Revenue Code. The Organization can make discretionary contributions if sufficient operating cash exists at year-end. All employees of the Organization are eligible to participate. Employees may make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code. There were no employer contributions for the years ended June 30, 2022 and 2021.

NOTE G - CONCENTRATIONS

At June 30, 2022 and 2021, approximately 45% and 41% of the Organization's receivables were due from two departments of the State and Federal government, respectively.

During the years ended June 30, 2022 and 2021, approximately 83% and 87% of the Organization's revenue was funded by two departments of the United States government, respectively.

**TITLE 2 U.S. CODE OF FEDERAL REGULATIONS PART 200
AUDIT REQUIREMENTS**

CHILD CARE RESOURCE CENTER, INC.

Schedule of Expenditures of Federal Awards Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/ Program Title	CFDA Number	Award Number	Current Year Expenditures	Passed Through to Subrecipients
Major Program:				
U.S. Department of Agriculture				
Passed through Ohio Department of Education Child and Adult Care Food Program	10.558	111773	\$ 1,374,296	\$ 1,115,553
<i>Total U.S. Department of Agriculture - Child Nutrition Cluster:</i>			<u>1,374,296</u>	<u>1,115,553</u>
Total Major Programs:			<u>\$ 1,374,296</u>	<u>\$ 1,115,553</u>
Non-Major Programs:				
U.S. Department of the Health and Human Services				
Passed through Ohio Department of Job and Family Services Child Care and Development Block Grant	93.575	G21010HCCDDF	\$ 694,908	\$ -0-
<i>Total U.S. Department of Health and Human Services - 477 Cluster:</i>			<u>694,908</u>	<u>-0-</u>
Total Non-Major Programs:			<u>694,908</u>	<u>-0-</u>
Total Federal Expenditures:			<u>\$ 2,069,204</u>	<u>\$ 1,115,553</u>

See Notes to the Schedule
of Expenditures of Federal Awards

CHILD CARE RESOURCE CENTER, INC.

Notes to the Schedule of Expenditures of Federal Awards Year Ended June 30, 2022

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Child Care Resource Center, Inc. (the Organization) and is presented on the accrual basis of accounting. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Organization.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available. The Organization has not elected to use the 10% de-minimis indirect cost rate as allowed under the Uniform Guidance.

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

The Board of Directors
Child Care Resource Center, Inc.
Lorain, Ohio

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 Child Care Resource Center, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities and changes in net assets, 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 November 22, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Child Care Resource Center, Inc.'s internal control over financial reporting (internal control) as a basis for designing 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 Child Care Resource Center, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Child Care Resource Center, Inc.'s internal control.

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

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

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS (CONTINUED)*

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Child Care Resource Center, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Barnes Wendling CPAs

Sheffield Village, Ohio
November 22, 2022

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

The Board of Directors
Child Care Resource Center, Inc.
Lorain, Ohio

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Child Care Resource Center, 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 Child Care Resource Center, Inc.'s major federal programs for the year ended June 30, 2022. Child Care Resource Center, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Child Care Resource Center, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Child Care Resource Center, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Child Care Resource Center, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE (CONTINUED)

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE (CONTINUED)

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

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

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

Barnes Wendling CPAs

Sheffield Village, Ohio
November 22, 2022

CHILD CARE RESOURCE CENTER, INC.

Schedule of Findings and Questioned Costs Year Ended June 30, 2022

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	<u>Unmodified</u>	
Internal control over financial reporting:		
Material weakness(es) identified?	____yes	<u> x </u> no
Significant deficiency(ies) identified not considered to be material weaknesses?	____yes	<u> x </u> none reported
Noncompliance material to financial statements noted?	____yes	<u> x </u> no

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	____yes	<u> x </u> no
Significant deficiency(ies) identified not considered to be material weaknesses?	____yes	<u> x </u> none reported
Type of auditors' report issued on compliance for major programs:	<u>Unmodified</u>	
Any audit findings disclosed required to be reported in accordance with Federal Register 2 CFR Part 200, Subpart F?	____yes	<u> x </u> no

CFDA Numbers

Name of Federal Program or Cluster

10.558	Child and Adult Food Program
Dollar threshold used to distinguish Type A and Type B programs:	\$ 750,000
Auditee qualified as a low risk auditee?	____yes <u> x </u> no

Section II - Financial Statement Findings

No findings were noted.

Section III - Federal Award Findings and Questioned Costs

No findings were noted.