

**THE LEARNING CENTER FOR FAMILIES,
DBA ROOT FOR KIDS**

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

The Learning Center For Families, dba Root for Kids

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Independent Auditors' Report

Executive Director and Members of the Board
The Learning Center for Families, dba Root for Kids
St. George, Utah

Report on the Financial Statements

We have audited the accompanying financial statements of The Learning Center for Families, dba Root for Kids (a non-profit organization), which comprise the statement of financial position of as of June 30, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Learning Center for Families, dba Root for Kids as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 19, 2021, on our consideration of The Learning Center for Families, dba Root for Kids' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Learning Center for Families, dba Root for Kids' internal control over financial reporting and compliance.



HintonBurdick, PLLC
St. George, Utah
March 19, 2021

THE LEARNING CENTER FOR FAMILIES, DBA ROOT FOR KIDS
Statement of Financial Position
June 30, 2020

Assets

Current assets:

Cash and cash equivalents	\$ 711,146
Restricted cash and cash equivalents	48,205
Grants receivable	293,329
Sales tax receivable	1,368

Total current assets 1,054,048

Property and equipment:

Furniture and equipment	293,682
Vehicles	117,419
Leasehold improvements	286,169
Accumulated depreciation	<u>(577,635)</u>

Total property and equipment 119,635

Total assets \$ 1,173,683

Liabilities and net assets

Current liabilities:

Accounts payable	\$ 29,825
Accrued liabilities	132,716
Current portion of payroll protection loan	<u>236,391</u>

Total current liabilities 398,932

Long-term liabilities:

Payroll protection loan, net of current portion 295,009

Total long-term liabilities 295,009

Total liabilities 693,941

Net assets

With donor restrictions	48,205
Without donor restrictions	<u>431,537</u>

Total net assets 479,742

Total liabilities and net assets \$ 1,173,683

The accompanying notes are an integral part of the financial statements.

THE LEARNING CENTER FOR FAMILIES, DBA ROOT FOR KIDS
Statement of Activities
For the Year Ended June 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues, gains, and other support:			
Grants and contracts	\$ 3,696,544	\$ -	\$ 3,696,544
Contributions	387,007	48,205	435,212
Third party reimbursements	296,257	-	296,257
Interest income	159	-	159
Net assets released from restrictions:	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues, gains, and other support	<u>4,379,967</u>	<u>48,205</u>	<u>4,428,172</u>
Expenses and losses:			
Program services:			
Program A - Early Intervention / Early Head Start	3,867,272	-	3,867,272
Support services:			
Management and general	427,288	-	427,288
Fundraising	<u>198,903</u>	<u>-</u>	<u>198,903</u>
Total expenses	<u>4,493,463</u>	<u>-</u>	<u>4,493,463</u>
Change in net assets	(113,496)	48,205	(65,291)
Net assets at beginning of year	<u>545,033</u>	<u>-</u>	<u>545,033</u>
Net assets at end of year	<u>\$ 431,537</u>	<u>\$ 48,205</u>	<u>\$ 479,742</u>

The accompanying notes are an integral part of the financial statements.

THE LEARNING CENTER FOR FAMILIES, DBA ROOT FOR KIDS
Statement of Functional Expenses
For the Year Ended June 30, 2020

<u>Expense category</u>	Program A Early Intervention Early Head Start Other	Management & General	Fundraising	Total
Parent services	\$ 2,835	\$ 1,188	\$ -	\$ 4,023
Child find	-	1,288	1,036	2,324
Contract labor	152,066	3,356	4,567	159,989
Depreciation	59,645	-	-	59,645
In-service and education	13,357	-	713	14,070
Insurance	30,547	1,670	1,187	33,404
Janitorial and repairs	16,213	873	390	17,476
Membership dues	16,471	-	912	17,383
Office supplies	-	41,146	2,316	43,462
Payroll taxes and benefits	822,567	74,082	29,377	926,026
Postage	2,605	-	57	2,662
Professional fees	1,418	1,418	-	2,836
Program supplies	62,886	28,119	59,769	150,774
Rent	310,260	16,539	3,968	330,767
Salaries and wages	2,213,651	251,771	90,527	2,555,949
Telephone and utilities	75,613	4,693	2,339	82,645
Travel	87,138	1,145	1,745	90,028
Total expenses	<u>\$ 3,867,272</u>	<u>\$ 427,288</u>	<u>\$ 198,903</u>	<u>\$ 4,493,463</u>

The accompanying notes are an integral part of the financial statements.

THE LEARNING CENTER FOR FAMILIES, DBA ROOT FOR KIDS
Statement of Cash Flows
For the Year Ended June 30, 2020

Cash flows from operating activities:	
Cash received from grants and contracts	\$ 3,815,488
Cash received from contributions	217,199
Cash received from third party reimbursements	296,257
Interest received	159
Cash paid for program expenses	(3,608,249)
Cash paid for management and general expenses	(417,390)
Cash paid for fundraising activities	<u>(198,903)</u>
Cash flows from operating activities	<u>104,561</u>
Cash flows from investing activities:	
Purchases of property and equipment	<u>(38,688)</u>
Cash flows from investing activities	<u>(38,688)</u>
Cash flows from financing activities:	
Proceeds from debt	<u>531,400</u>
Cash flows from investing activities	<u>531,400</u>
Net change in cash and cash equivalents	597,273
Cash and cash equivalents, including restricted cash, beginning of year	<u>162,078</u>
Cash and cash equivalents, including restricted cash, end of year	<u><u>\$ 759,351</u></u>
Reconciliation of change in net assets to cash flows from operating activities:	
Change in net assets	\$ (65,291)
Adjustments needed to reconcile change in net assets to net cash provided by operating activities:	
Depreciation expense	59,645
Changes in operating assets and liabilities:	
(Increase)/decrease in grant receivables	118,944
(Increase)/decrease in sales tax receivables	(170)
Increase/(decrease) in accounts payable	(16,850)
Increase/(decrease) in accrued liabilities	<u>8,283</u>
Cash flows from operating activities	<u><u>\$ 104,561</u></u>

The accompanying notes are an integral part of the financial statements.

THE LEARNING CENTER FOR FAMILIES, DBA ROOT FOR KIDS
Notes to the Financial Statements
June 30, 2020

Note 1. Summary of Significant Accounting Policies

This summary of significant accounting policies of The Learning Center for Families, dba Root for Kids, (the Center) is presented to assist in understanding the Center's financial statements. The financial statements and notes are representations of the Center's management, which is responsible for their integrity and objectivity. The accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Description of Program

The Learning Center for Families, dba Root for Kids (a nonprofit organization) was organized under the laws of the State of Utah and began operations on February 9, 1994. The Center provides the following services to provide early intervention educational and therapeutic services to children and their families:

Early Intervention-The Center operates a multifaceted early intervention program that provides families with comprehensive individualized services. The key points to the service delivery system are;

- The provision of family focused, culturally competent services,
- Community outreach and early identification of eligible children,
- Multi-disciplinary assessment,
- Empowerment of families by providing a wide array of supportive assistance,
- Effective staff development,
- Full participation with existing associate agencies in Washington County in the actualization of a shared community vision for all families of children with special needs.

Early Head Start-The Center established this program for low income pregnant women and families with infants and toddlers to enhance the children's physical, social, emotional and cognitive development. The program also is designed to enable parents to be better caregivers to and teachers of their children and help parents meet their own goals, including that of economic independence.

Parents as Teachers-Parents as Teachers is an early childhood family support and parent education home-visiting model. Families may enroll in Parents as Teachers beginning with pregnancy and may remain in the program until the child enters kindergarten. Parent educators work with parents to strengthen protective factors and ensure that young children are healthy, safe, and ready to learn.

The Center is primarily funded by grants through the State of Utah Department of Health Early Intervention and Home Visiting programs, Arizona Department of Economic Security Early Invention program, and the United States Department of Health and Human Services Early Head Start program.

Basis of Accounting

The financial statements of the Center have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

THE LEARNING CENTER FOR FAMILIES, DBA ROOT FOR KIDS
Notes to the Financial Statements
June 30, 2020

Note 1. Summary of Significant Accounting Policies, Continued

Basis of Presentation / New Pronouncements

For the year ended June 30, 2020, the Center implemented the provisions of ASU 2018-08 (Topic 958), *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU 2018-08 update clarifies and improves the scope and the accounting guidance for contributions received and contributions made. The amendments in this update should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. Although this new pronouncement clarifies how to account for and report on the Center's grant activity, the adoption did not have a material impact on the Center's financial statements.

Contributions

Contributions are recognized when the donor makes a promise to give to the Center that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Conditional contributions, including certain grants, are recognized when the Organization overcomes the donor/grantor stipulations that represents a barrier to being entitled to the assets transferred or promised. A transfer of assets that is a conditional contribution is recognized as an advance until the conditions have been substantially met or explicitly waived by the donor/grantor.

Contributed Services

During the year ended June 30, 2020, the Center's Early Head Start program benefited from the services of volunteers. The Center recorded donation revenue of \$218,013 in the statement of activities for goods and services meeting the requirements for recognition. Additional services contributed to the Center's Early Head Start program by volunteers, valued at \$106,319, did not meet the requirements for recognition and, therefore, have not been recorded.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

THE LEARNING CENTER FOR FAMILIES, DBA ROOT FOR KIDS
Notes to the Financial Statements
June 30, 2020

Note 1. Summary of Significant Accounting Policies, Continued

Cost Allocation

The financial statements report certain categories of expense that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages and payroll taxes and insurance, which are allocated on the basis of estimates of time and effort. The Center uses a combination of allocation methods where some of the costs are specifically identifiable to one program and others are allocated based on a shared cost allocation method. Program classifications and/or shared cost classifications are assigned based on determination of which program(s) benefited from the expense, to either be directly charged to one program or allocated to more than one program. Alternatively, an expense might be assigned to a shared cost pool classification if more than one program benefited. All shared operating and administrative costs are allocated as a percentage based on the total direct service hour base calculations. Administrative labor hours are allocated to their respective programs and/or shared cost pools, as a percentage, according to the total direct service hour base calculations in the Payroll Spreadsheet.

Cash and Cash Equivalents

For purposes of the statement of cash flows and footnote 2, the Center considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Inventory

Office and other supplies are deemed immaterial and not recorded as inventory.

Property and Equipment

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Center reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Center reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Property and equipment are recorded at cost if purchased. Property and equipment is defined by the Center as assets with an individual cost over \$5,000. From time to time, the Center acquires property and equipment with restricted monies. Any asset exceeding \$5,000, purchased with restricted grant monies, technically can revert back to the resource provider upon request.

Depreciation of property and equipment is provided on the straight-line method over their estimated useful lives as follows:

Vehicles	5 years
Equipment	3-10 years
Furniture & Fixtures	5-10 years
Leasehold Improvements	3-39 years

THE LEARNING CENTER FOR FAMILIES, DBA ROOT FOR KIDS
Notes to the Financial Statements
June 30, 2020

Note 1. Summary of Significant Accounting Policies, Continued

Maintenance, repairs and renewals, which neither materially add to the value of the property nor appreciably prolong its life, are charged to expense as incurred. Major renewals and betterments are capitalized. Gains or losses on dispositions of property and equipment are included in revenue in the year of disposition.

Income Taxes

No amounts have been paid or accrued for income taxes as the Center is a nonprofit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Center's Forms 990, Return of Organization Exempt from Income Tax, for the fiscal years ending 2018, 2019, and 2020 are subject to examination by the IRS, generally for three years after they were filed.

Date of Management's Review

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through March 19, 2021, the date the financial statements were available to be issued.

Note 2. Liquidity and Availability of Financial Assets

The following reflects the Center's financial assets available within one year of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date. Most amounts with contractual or donor restrictions are deemed available for general expenditures even though the resources must be used in a particular manner. The Center is substantially supported by restricted grants and contributions that relate to the primary and ongoing activities of the Center, and the Center expects to use the majority of the restricted resources in the normal course of operations within one year of the financial statement date.

Cash and cash equivalents	\$ 759,351
Receivables	294,697
Subtotal	<u>1,054,048</u>
Less those unavailable for general expenditures within one year, due to:	
Contractual or donor-imposed restrictions:	
Restricted by donor with purpose restrictions	<u>(48,205)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 1,005,843</u></u>

THE LEARNING CENTER FOR FAMILIES, DBA ROOT FOR KIDS
Notes to the Financial Statements
June 30, 2020

Note 2. Liquidity and Availability of Financial Assets, Continued

The Organization has set aside a cash reserve (no formal board designation; part of cash and cash equivalents and included above), which is expected to meet the cash needs on an annual basis and is expected to continue to grow. The reserve is meant for emergencies and is not needed for general operating expenditures.

Note 3. Restrictions on Net Assets

As of June 30, 2020, net assets with donor restrictions consist of the following:

	<u>2020</u>
Intermountain Community Care Foundation Behavioral Health Services Grant	\$ 17,600
Intermountain Health "ACES" Funds	798
Red Rock Rotary Grant - Diapers	1,000
TDS Donation for Essential Worker Daycare	1,000
Utah Food Bank C-19 Emergency Grant (Diapers, wipes, formula for families)	5,000
Ironman- Ironaid Covid-19 Support Fund Grant	2,500
UWNU	<u>20,307</u>
Total net assets with donor restrictions	<u><u>\$ 48,205</u></u>

THE LEARNING CENTER FOR FAMILIES, DBA ROOT FOR KIDS
Notes to the Financial Statements
June 30, 2020

Note 4. Cash and Investments

At year end the carrying amount of the Center's deposits were \$758,251 and the bank balance was \$776,089. Of the bank balance, all was covered by federal depositor insurance.

The Center's deposits at year end are shown as follows:

	<u>Carrying Amount</u>
Cash on hand	\$ 1,100
Cash in bank	<u>758,251</u>
Total	<u><u>\$ 759,351</u></u>

Cash and investments are reported in the statement of financial position and statement of cash flows as follows:

Cash and cash equivalents	\$ 711,146
Restricted cash and cash equivalents	<u>48,205</u>
Total cash, cash equivalents, and restricted cash shown in the statement of cash flows	<u><u>\$ 759,351</u></u>

Restricted cash is cash held that must be used according to the grant agreements and donor imposed restrictions.

Note 5. Grants Receivable

Grants receivable for services provided is \$293,329 net of allowance for doubtful accounts of \$0.

Note 6. Property and Equipment

The following table summarizes the changes to property and equipment during the year ended June 30, 2020. Depreciation expense for the year ended June 30, 2020 is \$59,645.

THE LEARNING CENTER FOR FAMILIES, DBA ROOT FOR KIDS
Notes to the Financial Statements
June 30, 2020

Note 6. Property and Equipment, Continued

	Balance 6/30/19	Additions	Disposals	Balance 6/30/20
Furniture & Equipment	\$ 289,994	\$ 3,688	\$ -	\$ 293,682
Vehicles	82,419	35,000	-	117,419
Leasehold Improvements	286,169	-	-	286,169
Total	658,582	38,688	-	697,270
Less Accumulated Depreciation	(517,990)	(59,645)	-	(577,635)
	<u>\$ 140,592</u>	<u>\$ (20,957)</u>	<u>\$ -</u>	<u>\$ 119,635</u>

Note 7. Long-Term Liabilities

The following is a summary of changes in long-term debt for the year ended June 30, 2020.

	Balance 6/30/2019	Additions	Retirements	Balance 6/30/2020	Current Portion
Payroll protection loan	\$ -	\$ 531,400	\$ -	531,400	\$236,391
Total long-term debt	<u>\$ -</u>	<u>\$ 531,400</u>	<u>\$ -</u>	<u>\$ 531,400</u>	<u>\$236,391</u>

Debt service requirements to maturity are as follows:

Year	Principal	Interest	Total
2021	\$ 236,391	\$ 2,854	\$ 239,245
2022	295,009	1,344	296,353
Total	<u>\$ 531,400</u>	<u>\$ 4,198</u>	<u>\$ 535,598</u>

THE LEARNING CENTER FOR FAMILIES, DBA ROOT FOR KIDS
Notes to the Financial Statements
June 30, 2020

Note 7. Long-Term Liabilities, Continued

Long-Term debt consists of the following debt issue:

\$531,400 loan from State Bank of Southern Utah for the Payroll Protection Program. Interest rate of 1 percent per annum with principal and interest payments due monthly. The term of the note is for 18 months beginning November 17, 2020. This note has been forgiven as of March 3, 2021.

	\$ 531,400
Total debt payable	<u><u>\$ 531,400</u></u>

Note 8. Operating Leases

In June 2011, the Center entered into a 10 year lease agreement with Friends of TLC to use the building and property located at 2044 South Mesa Palms Drive in St. George, Utah for \$10,000 per month. In fiscal year 2020, the Center incurred \$120,000 in rent expense related to the above mentioned lease. The following are the future minimum rental payments required under the lease:

<u>Fiscal Year Ended</u>	
2021	\$ 110,000
2022	-
2023	-
2024	-
2025	-
Total	<u><u>\$ 110,000</u></u>

THE LEARNING CENTER FOR FAMILIES, DBA ROOT FOR KIDS
Notes to the Financial Statements
June 30, 2020

Note 9. Retirement Plan

The Center maintains a 403(b) Retirement Savings Plan. The plan contains provisions for 50 percent matching contributions of up to 10 percent deferral of eligible employees' annual wage. The plan covers employees of the Center having reached the age of 21 and having worked at least one year during which the employee was compensated for at least 1,000 hours. Contributions are made based on regular payroll compensation for each eligible employee and employees are fully vested in the plan three years after their hire date. For the year ended June 30, 2020, employer contributions were \$38,890.

Note 10. Risk Management

The Center is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Center maintains insurance for auto liability, employee dishonesty and general liability through various insurance policies purchased through Main Street Insurance Company. Worker's Compensation is carried through the State Worker's Compensation Fund.

FEDERAL AND STATE REPORTS



HINTONBURDICK
CPAs & ADVISORS

**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***

Executive Director and Members of the Board
The Learning Center for Families, dba Root for Kids
St. George, Utah

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 The Learning Center for Families, dba Root for Kids (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 19, 2021 .

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered The Learning Center for Families, dba Root for Kids' internal control over financial reporting (internal control) as a basis of 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 The Learning Center for Families, dba Root for Kids' internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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



HintonBurdick, PLLC
St. George, Utah
March 19, 2021

THE LEARNING CENTER FOR FAMILIES, DBA ROOT FOR KIDS
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

<u>Program By Federal Agency or Department</u>	<u>Federal Catalog Number</u>	<u>Pass-through Grantor # or Contract</u>	<u>Pass-Through to Subrecipients</u>	<u>Total Awards Expended</u>
Department of Education				
Pass-through grant from Utah Department of Health - Special Education Grants for Infants and Families	84.181A	192700895	-	\$ 205,410
Pass-through grant from Arizona Department of Economic Security - Special Education Grants for Infants and Families	84.181A	ADES13-047757	-	103,937
Total Department of Education/CFDA number 84.181A				<u>309,347</u>
Department of Health and Human Services				
Head Start Cluster				
Early Head Start	93.600		-	1,421,032 *
Early Head Start (COVID)	93.600		-	6,139 *
Total Head Start Cluster/CFDA number 93.600				<u>1,427,171</u>
Pass-through grant from Utah Department of Health - Maternal, Infant, and Early Childhood Home Visiting Program	93.505	192700277	-	108,170
Pass-through grant from Utah Department of Workforce Services -Temporary Assistance for Needy Families	93.558	17DWS0215	-	37,218
Pass-through grant from City of St. George, Utah - Social Services Block Grant	93.667	TLC-SSBG-FY20	-	9,874
Total Department of Health and Human Services				<u>1,582,433</u>
 Total Expenditures of Federal Awards			 <u>\$ -</u>	 <u>\$ 1,891,780</u>

* Major Programs

THE LEARNING CENTER FOR FAMILIES, DBA ROOT FOR KIDS
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

Reporting Entity:

The accompanying schedule of expenditures of federal awards presents the activity or expenditure of all federal awards programs of The Learning Center for Families, dba Root for Kids (the Center) for the year ended June 30, 2020. The Center's reporting entity is defined in Note 1 of the basic financial statements. All expenditure of federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included in the schedule.

Basis of Accounting:

This accompanying schedule of expenditures of federal awards has been prepared on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

Indirect Cost Rate:

The Center did not elect to use the 10% de minimis indirect cost rate for fiscal year 2020.

Federal Loans and Loan Guarantee Programs Outstanding:

The Center did not have any federal loans outstanding at June 30, 2020.

Subrecipients:

The Center did not have any subrecipients in fiscal year 2020.



**Independent Auditors' Report on Compliance
for Each Major Program and on Internal Control Over Compliance
Required By the Uniform Guidance**

Executive Director and Members of the Board
The Learning Center for Families, dba Root for Kids
St. George, Utah

Report on Compliance for Each Major Federal Program

We have audited The Learning Center for Families, dba Root for Kids' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of The Learning Center for Families, dba Root for Kids' major federal programs for the year ended June 30, 2020. The Learning Center for Families, dba Root for Kids' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of The Learning Center for Families, dba Root for Kids' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about The Learning Center for Families, dba Root for Kids' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of The Learning Center for Families, dba Root for Kids' compliance.

Opinion on Each Major Federal Program

In our opinion, The Learning Center for Families, dba Root for Kids 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, 2020.

Report on Internal Control Over Compliance

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

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

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

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



HintonBurdick, PLLC
St. George, Utah
March 19, 2021



THE LEARNING CENTER FOR FAMILIES, DBA ROOT FOR KIDS
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ___ yes X no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? ___ yes X none reported

Noncompliance material to financial statements noted? ___ yes X no

Federal Awards

Internal Control over major programs:

- Material weakness(es) identified? ___ yes X no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? ___ yes X none reported

Type of auditors’ report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? ___ yes X no

Identification of major programs.

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.600	Early Head Start

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? X yes ___ no

THE LEARNING CENTER FOR FAMILIES, DBA ROOT FOR KIDS
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

Section II – Financial Statement Findings

None noted

Section III – Federal Award Findings and Questioned Costs

None noted