

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

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

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

Opinion

We have audited the financial statements of The Learning Center for Families, dba Root for Kids (a non-profit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Learning Center for Families, dba Root for Kids as of June 30, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Learning Center for Families, dba Root for Kids 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 opinion.

Change in Accounting Principles/Pronouncements

As described in Note 1 to the financial statements, in 2022, the Center implemented the provisions of ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. Our opinion is not modified with respect to this matter.

Responsibilities of Management 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 The Learning Center for Families, dba Root for Kids' ability to continue as a going concern for one year after the date that the financial statements are issued or when applicable, one year after the date that the financial statements are available to be issued.

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

In performing an audit in accordance with GAAS, we:

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is 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 30, 2023 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 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 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 30, 2023

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THE LEARNING CENTER FOR FAMILIES, DBA ROOT FOR KIDS
Statement of Financial Position
June 30, 2022

Assets

Current assets:	
Cash and cash equivalents	\$ 535,939
Restricted cash and cash equivalents	121,225
Grants receivable	372,020
Sales tax receivable	3,032
Prepaid insurance	<u>47,955</u>
 Total current assets	 <u>1,080,171</u>
 Property and equipment:	
Furniture and equipment	299,981
Vehicles	202,418
Leasehold improvements	330,667
Accumulated depreciation	<u>(615,280)</u>
 Total property and equipment	 <u>217,786</u>
 Total assets	 <u><u>\$ 1,297,957</u></u>

Liabilities and net assets

Current liabilities:	
Accounts payable	\$ 75,493
Accrued liabilities	<u>127,293</u>
 Total current liabilities	 <u>202,786</u>
 Total liabilities	 <u>202,786</u>

Net assets

With donor restrictions	121,225
Without donor restrictions	<u>973,946</u>
 Total net assets	 <u>1,095,171</u>
 Total liabilities and net assets	 <u><u>\$ 1,297,957</u></u>

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, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues, gains, and other support:			
Grants and contracts	\$ 4,007,203	\$ -	\$ 4,007,203
Contributions of cash and other financial assets	249,273	121,225	370,498
Contributions of nonfinancial assets	304,022		304,022
PPP loan forgiveness	540,000	-	540,000
Third party reimbursements	47,896	-	47,896
Interest income	232	-	232
Net assets released from restrictions:	12,000	(12,000)	-
Total revenues, gains, and other support	<u>5,160,626</u>	<u>109,225</u>	<u>5,269,851</u>
Expenses and losses:			
Program services:			
Program A - Early Intervention / Early Head Start	4,027,562	-	4,027,562
Support services:			
Management and general	476,058	-	476,058
Fundraising	<u>145,426</u>	<u>-</u>	<u>145,426</u>
Total expenses	<u>4,649,046</u>	<u>-</u>	<u>4,649,046</u>
Change in net assets	511,580	109,225	620,805
Net assets at beginning of year	<u>462,366</u>	<u>12,000</u>	<u>474,366</u>
Net assets at end of year	<u>\$ 973,946</u>	<u>\$ 121,225</u>	<u>\$ 1,095,171</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, 2022

<u>Expense category</u>	Program A Early Intervention Early Head Start Other	Management & General	Fundraising	Total
Parent services	\$ 2,660	\$ 226	\$ -	\$ 2,886
Child find	-	10,228	3,055	13,283
Contract labor	146,235	20,558	5,029	171,822
Depreciation	51,778	-	-	51,778
In-service and education	38,332	-	560	38,892
Insurance	37,678	2,044	1,148	40,870
Janitorial and repairs	34,407	1,823	347	36,577
Membership dues	26,081	-	1,158	27,239
Office supplies	-	85,074	4,988	90,062
Payroll taxes and benefits	701,946	63,403	27,188	792,537
Postage	1,933	-	57	1,990
Professional fees	220	219	-	439
Program supplies	111,649	57,438	4,753	173,840
Rent	356,428	18,969	3,983	379,380
Salaries and wages	2,333,844	210,679	90,043	2,634,566
Telephone and utilities	110,020	4,635	2,475	117,130
Travel	74,351	762	642	75,755
Total expenses	<u>\$ 4,027,562</u>	<u>\$ 476,058</u>	<u>\$ 145,426</u>	<u>\$ 4,649,046</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, 2022

Cash flows from operating activities:	
Cash received from grants and contracts	\$ 3,935,921
Cash received from contributions	370,498
Cash received from third party reimbursements	47,896
Interest received	232
Cash paid for program expenses	(3,686,897)
Cash paid for management and general expenses	(513,590)
Cash paid for fundraising activities	<u>(145,426)</u>
Cash flows from operating activities	<u>8,634</u>
Cash flows from investing activities:	
Purchases of property and equipment	<u>(106,606)</u>
Cash flows from investing activities	<u>(106,606)</u>
Net change in cash and cash equivalents	(97,972)
Cash and cash equivalents, including restricted cash, beginning of year	<u>755,137</u>
Cash and cash equivalents, including restricted cash, end of year	<u><u>\$ 657,165</u></u>
Reconciliation of change in net assets to cash flows from operating activities:	
Change in net assets	\$ 620,805
Adjustments needed to reconcile change in net assets to net cash provided by operating activities:	
Depreciation expense	51,778
PPP loan forgiveness	(540,000)
Changes in operating assets and liabilities:	
(Increase)/decrease in grant receivables	(71,282)
(Increase)/decrease in sales tax receivables	78
(Increase)/decrease in prepaid insurance	(47,955)
Increase/(decrease) in accounts payable	(15,224)
Increase/(decrease) in accrued liabilities	<u>10,434</u>
Cash flows from operating activities	<u><u>\$ 8,634</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, 2022

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.

The Center is primarily funded by grants through the State of Utah Department of Health Early Intervention program, 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.

Basis of Presentation / New Pronouncements

For the year ended June 30, 2022, the Center implemented the provisions of Accounting Standards Update (ASU) 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. The new guidance requires nonprofit entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. The standard also increases the disclosure requirements around contributed nonfinancial assets, including disaggregating by category the types of contributed nonfinancial assets a nonprofit entity has received. Adoption of this standard did not have a significant impact on the financial statements, with the exception of increased disclosure.

THE LEARNING CENTER FOR FAMILIES, DBA ROOT FOR KIDS
Notes to the Financial Statements
June 30, 2022

Note 1. Summary of Significant Accounting Policies, Continued

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, 2022, the Center's Early Head Start program benefited from the services of volunteers. The Center recorded donation revenue of \$304,022 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 \$106,238, 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.

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.

THE LEARNING CENTER FOR FAMILIES, DBA ROOT FOR KIDS
Notes to the Financial Statements
June 30, 2022

Note 1. Summary of Significant Accounting Policies, Continued

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

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 2020, 2021, and 2022 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 30, 2023, the date the financial statements were available to be issued.

THE LEARNING CENTER FOR FAMILIES, DBA ROOT FOR KIDS
Notes to the Financial Statements
June 30, 2022

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	\$ 657,164
Receivables	375,052
Subtotal	<u>1,032,216</u>
Less those unavailable for general expenditures within one year, due to:	
Contractual or donor-imposed restrictions:	
Restricted by donor with purpose restrictions	<u>(121,225)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 910,991</u>

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, 2022 net assets with donor restrictions consist of the following:

	2022
Altabank Donation (for Diapers)	\$ 450
Larry H. Miller Donation for purchasing Diapers	7,500
Intermountain Health Grant for Injoy Pregnancy App	5,000
Teen Mother Support Group - Restricted	8,000
Hurst Wood Education Foundation Grant - Kindermusik	50,000
Hurst Wood Education Foundation Grant - San Juan	50,000
Gala Donation for Diapers - Luis Camacho	25
WR & CL Walker Gala Donation for Kindermusik	250
Total net assets with donor restrictions	<u>\$ 121,225</u>

THE LEARNING CENTER FOR FAMILIES, DBA ROOT FOR KIDS
Notes to the Financial Statements
June 30, 2022

Note 4. Cash and Investments

At year end the carrying amount of the Center's deposits were \$655,464 and the bank balance was \$675,531. Of the bank balance, \$90,213 was not covered by federal depositor insurance.

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

	<u>Carrying Amount</u>
Cash on hand	\$ 1,700
Cash in bank	<u>655,464</u>
Total	<u>\$ 657,164</u>

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

Cash and cash equivalents	\$ 535,939
Restricted cash and cash equivalents	<u>121,225</u>
Total cash, cash equivalents, and restricted cash shown in the statement of cash flow	<u>\$ 657,164</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 \$372,020 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, 2022. Depreciation expense for the year ended June 30, 2022 is \$51,778.

THE LEARNING CENTER FOR FAMILIES, DBA ROOT FOR KIDS
Notes to the Financial Statements
June 30, 2022

Note 6. Property and Equipment, Continued

	Balance 6/30/21	Additions	Disposals	Balance 6/30/22
Furniture & Equipment	\$ 268,883	\$ 37,108	\$ (6,010)	\$ 299,981
Vehicles	177,418	25,000	-	202,418
Leasehold Improvements	286,169	- 44,498	-	330,667
 Total	 732,470	 106,606	 (6,010)	 833,066
Less Accumulated Depreciation	(569,512)	(51,778)	6,010	(615,280)
	 \$ 162,958	 \$ 54,828	 \$ -	 \$ 217,786

Note 7. Long-Term Liabilities

The following is a summary of changes in long-term debt for the year ended June 30, 2022.

	Balance 6/30/2021	Additions	Retirements*	Balance 6/30/2022	Current Portion
Payroll protection loan	\$ 540,000	\$ -	\$ (540,000)	\$ -	\$ -
Total long-term debt	\$ 540,000	\$ -	\$ (540,000)	\$ -	\$ -

* \$540,000 loan from State Bank of Southern Utah for the Payroll Protection Program was forgiven as of March 4, 2022.

THE LEARNING CENTER FOR FAMILIES, DBA ROOT FOR KIDS
Notes to the Financial Statements
June 30, 2022

Note 8. Operating Leases

In June 2021, 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 2022, 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:

Fiscal Year Ended	
2023	\$ 120,000
2024	120,000
2025	120,000
2026	120,000
Total	<u>\$ 480,000</u>

Note 9. Donated Goods and Services

Donated food and other goods and services for the fiscal years ended June 30, 2022 and 2021, included in the financial statements, were as follows:

	2022	2021
Space donated	\$ 220,568	\$ 213,932
Supplies (diapers, craft supplies, toys, books)	62,453	18,496
Consulting services	17,931	911
Volunteer miles	3,069	1,437
	<u>\$ 304,021</u>	<u>\$ 234,776</u>

Consulting services include the following main categories: mental health services to EHS families, Microsoft Azure service, etc. In-kind goods are reported as contributions at their estimated fair value on the date of receipt and reported as expense when utilized. In-kind goods are valued based upon estimates of fair market or wholesale values that would be received for selling the goods in their principal market considering their condition and utility for use at the time the goods are contributed by the donor. Contributed services are valued and are reported at the estimated fair value in the financial statements based on current market rates for similar consulting and other services. The Center did not monetize any contributed nonfinancial assets. Donated goods and services are not sold and goods are only distributed for program use.

THE LEARNING CENTER FOR FAMILIES, DBA ROOT FOR KIDS
Notes to the Financial Statements
June 30, 2022

Note 10. 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, 2022, employer contributions were \$45,940.

Note 11. 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

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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, 2022, 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 30, 2023.

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 30, 2023

THE LEARNING CENTER FOR FAMILIES, DBA ROOT FOR KIDS
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

<u>Program By Federal Agency or Department</u>	<u>Assistance Listing 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	\$ -	\$ 208,511
Pass-through grant from Arizona Department of Economic Security - Special Education Grants for Infants and Families	84.181A	ADES13-047757	-	134,519
Pass-through grant from Utah Department of Health - Special Education Grants for Infants and Families (COVID)	84.181A	222701018	-	61,923
Total Department of Education/CFDA number 84.181A				<u>404,953</u>
Department of Health and Human Services				
Head Start Cluster				
Early Head Start	93.600		-	1,483,812 *
Early Head Start (COVID)	93.600		-	86,871 *
Total Head Start Cluster/CFDA number 93.600				<u>1,570,683</u>
477 Cluster				
Pass-through grant from Utah Department of Workforce Services -Temporary Assistance for Needy Families	93.558	17DWS0215	-	323,804
Pass-through grant from City of St. George, Utah - Social Services Block Grant	93.667	TLC-SSBG-FY22	-	14,000
Total Department of Health and Human Services				<u>1,908,487</u>
Total Expenditures of Federal Awards			<u>\$ -</u>	<u>\$ 2,313,440</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, 2022

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, 2022. 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 2022.

Federal Loans and Loan Guarantee Programs Outstanding:

The Center did not have any federal loans outstanding at June 30, 2022.

Subrecipients:

The Center did not have any subrecipients in fiscal year 2022.



HINTONBURDICK
CPAs & ADVISORS

**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

Opinion on Each Major Federal Program

We have audited The Learning Center for Families, dba Root for Kids' (the Center) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Center's major federal programs for the year ended June 30, 2022. The Center'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, the Center complied, in all material respects, with the 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 (GAAS); 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 the Center and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Center's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

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 the Center'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 GAAS, *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 Center's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Center'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 Center's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Center'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.



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.

HintonBurdick, PLLC

St. George, Utah

March 30, 2023

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THE LEARNING CENTER FOR FAMILIES, DBA ROOT FOR KIDS
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022

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, 2022

Section II – Financial Statement Findings

None noted

Section III – Federal Award Findings and Questioned Costs

None noted