

**FAMILY AND CHILDCARE RESOURCES  
OF NORTHEAST WISCONSIN, INC.**

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**Financial Statements**

**For the Years Ended  
December 31, 2022 and 2021**

**FAMILY AND CHILDCARE RESOURCES  
OF NORTHEAST WISCONSIN, INC.**

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**December 31, 2022 and 2021**

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## Independent Auditors' Report

To the Board of Directors  
Family and Childcare Resources  
of Northeast Wisconsin, Inc.  
Green Bay, Wisconsin

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the accompanying financial statements of Family and Childcare Resources of Northeast Wisconsin, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years 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 Family and Childcare Resources of Northeast Wisconsin, Inc. as of December 31, 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 audits 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Family and Childcare Resources of Northeast Wisconsin, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *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 Family and Childcare Resources of Northeast Wisconsin, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

To the Board of Directors  
Family and Childcare Resources  
of Northeast Wisconsin, Inc.

### ***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 GAAS 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.

In performing an audit in accordance with GAAS 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 Family and Childcare Resources of Northeast Wisconsin, 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 the Organization'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 audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal and state 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*, and the accompanying schedule of revenues and expenses by funding source are presented for purposes of additional analysis and are 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 2022 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2022 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2022 financial statements or to the 2022 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 2022 financial statements as a whole.

To the Board of Directors  
Family and Childcare Resources  
of Northeast Wisconsin, Inc.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 1, 2023 on our consideration of Family and Childcare Resources of Northeast Wisconsin, 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 Family and Childcare Resources of Northeast Wisconsin, 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 Family and Childcare Resources of Northeast Wisconsin, Inc.'s internal control over financial reporting and compliance.

*KerberRose SC*

**KerberRose SC**  
**Certified Public Accountants**  
Green Bay, Wisconsin  
June 1, 2023

## **FINANCIAL STATEMENTS**

**FAMILY AND CHILDCARE RESOURCES  
OF NORTHEAST WISCONSIN, INC.**

Statements of Financial Position  
As of December 31, 2022 and 2021

	<b>2022</b>	<b>2021</b>
<b>CURRENT ASSETS</b>		
Cash	\$ 267,151	\$ 199,044
Grants Receivable	143,626	93,817
Prepaid Expenses	3,225	3,225
<b>Total Current Assets</b>	414,002	296,086
<b>EQUIPMENT, NET</b>	-	1,843
<b>OTHER ASSETS</b>		
Certificates of Deposits	58,429	17,261
Investments	41,796	42,880
Beneficial Interest in Assets Held By Community Foundation	10,306	12,484
<b>Total Other Assets</b>	110,531	72,625
<b>TOTAL ASSETS</b>	\$ 524,533	\$ 370,554
<b>CURRENT LIABILITIES</b>		
Accrued Payroll, Benefits and Taxes	\$ 35,035	\$ 34,186
Deferred Revenue	7,831	7,831
<b>Total Current Liabilities</b>	42,866	42,017
<b>NET ASSETS</b>		
Without Donor Restrictions:		
Board Designated - Operating Reserve	41,796	42,880
Undesignated	345,867	277,469
Total Without Donor Restrictions	387,663	320,349
With Donor Restrictions	94,004	8,188
<b>Total Net Assets</b>	481,667	328,537
<b>TOTAL LIABILITIES AND NET ASSETS</b>	\$ 524,533	\$ 370,554

See Accompanying Notes

**FAMILY AND CHILDCARE RESOURCES  
OF NORTHEAST WISCONSIN, INC.**

Statement of Activities  
For the Year Ended December 31, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>OPERATING ACTIVITIES</b>			
<b>Support and Revenues</b>			
Contributions	\$ 13,535	\$ 33,853	\$ 47,388
United Way	34,230	51,998	86,228
Grants and Service Contracts	1,190,429	-	1,190,429
Fundraising Event	38,605	-	38,605
Program Service Fees - Training	14,849	-	14,849
In-Kind Program Materials and Services	51,356	-	51,356
Investment Income	793	-	793
Miscellaneous Income	16,737	-	16,737
Net Assets Released from Restrictions	35	(35)	-
<b>Total Support and Revenues</b>	<u>1,360,569</u>	<u>85,816</u>	<u>1,446,385</u>
<b>Expenses</b>			
Program Services	1,111,329	-	1,111,329
Management and General	154,394	-	154,394
Fundraising	18,477	-	18,477
<b>Total Expenses</b>	<u>1,284,200</u>	<u>-</u>	<u>1,284,200</u>
<b>CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES</b>	<u>76,369</u>	<u>85,816</u>	<u>162,185</u>
<b>OTHER CHANGES</b>			
Unrealized Losses on Investments	(6,877)	-	(6,877)
Change in Beneficial Interest	(2,178)	-	(2,178)
<b>Total Other Changes</b>	<u>(9,055)</u>	<u>-</u>	<u>(9,055)</u>
<b>CHANGE IN NET ASSETS</b>	67,314	85,816	153,130
<b>NET ASSETS - BEGINNING</b>	<u>320,349</u>	<u>8,188</u>	<u>328,537</u>
<b>NET ASSETS - ENDING</b>	<u>\$ 387,663</u>	<u>\$ 94,004</u>	<u>\$ 481,667</u>

See Accompanying Notes



**FAMILY AND CHILDCARE RESOURCES  
OF NORTHEAST WISCONSIN, INC.**

Statement of Activities  
For the Year Ended December 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>OPERATING ACTIVITIES</b>			
<b>Support and Revenues</b>			
Contributions	\$ 38,533	\$ 4,936	\$ 43,469
United Way	20,000	-	20,000
Grants and Service Contracts	1,004,855	-	1,004,855
Fundraising Event	26,558	-	26,558
Program Service Fees - Training	10,911	-	10,911
In-Kind Program Materials and Services	29,212	-	29,212
Investment Income	1,019	-	1,019
Miscellaneous Income	12,248	-	12,248
Net Assets Released from Restrictions	16,619	(16,619)	-
<b>Total Support and Revenues</b>	<u>1,159,955</u>	<u>(11,683)</u>	<u>1,148,272</u>
<b>Expenses</b>			
Program Services	975,098	-	975,098
Management and General	131,747	-	131,747
Fundraising	16,340	-	16,340
<b>Total Expenses</b>	<u>1,123,185</u>	<u>-</u>	<u>1,123,185</u>
<b>CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES</b>	<u>36,770</u>	<u>(11,683)</u>	<u>25,087</u>
<b>OTHER CHANGES</b>			
Payroll Protection Program Loan Contribution	17,121	-	17,121
Change in Beneficial Interest	1,109	-	1,109
<b>Total Other Changes</b>	<u>18,230</u>	<u>-</u>	<u>18,230</u>
<b>CHANGE IN NET ASSETS</b>	55,000	(11,683)	43,317
<b>NET ASSETS - BEGINNING</b>	<u>265,349</u>	<u>19,871</u>	<u>285,220</u>
<b>NET ASSETS - ENDING</b>	<u>\$ 320,349</u>	<u>\$ 8,188</u>	<u>\$ 328,537</u>

See Accompanying Notes

**FAMILY AND CHILDCARE RESOURCES  
OF NORTHEAST WISCONSIN, INC.**

Statement of Functional Expenses  
For the Year Ended December 31, 2022

	<u>Program Services</u>				<u>Supporting Services</u>		
	<u>Postive Parenting Program</u>	<u>Parents as Teachers Program</u>	<u>Other Programs Supporting Families</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
<b>EXPENSES</b>							
Salaries and Wages	\$ 128,235	\$ 206,152	\$ 318,618	\$ 653,005	\$ 74,205	\$ 14,841	\$ 742,051
Payroll Taxes	9,813	16,099	24,344	50,256	5,711	1,142	57,109
Employee Benefits	16,063	15,376	29,201	60,640	6,891	1,378	68,909
Contracted Information Technology	1,974	3,523	7,469	12,966	-	-	12,966
Direct Program Expenses:							
Food	1,313	2,186	14,261	17,760	-	-	17,760
Program Events	120	120	12,934	13,174	-	-	13,174
Supplies	1,998	22,021	75,273	99,292	-	-	99,292
Grant Expenses	-	-	105	105	-	-	105
Miscellaneous	451	521	13,534	14,506	-	-	14,506
Office Supplies and Expense	2,920	3,805	5,081	11,806	1,312	-	13,118
Equipment Supplies and Maintenance	1,614	2,232	4,030	7,876	875	-	8,751
Advertising	1,629	5,922	10,978	18,529	3,270	-	21,799
Professional Accounting Fees	-	-	-	-	39,151	-	39,151
Training	3,185	6,432	3,983	13,600	1,545	309	15,454
Telephone	1,858	4,254	4,481	10,593	221	221	11,035
Postage	59	-	378	437	-	-	437
Printing	533	1,060	1,130	2,723	480	-	3,203
In-Kind Program Materials	-	-	51,356	51,356	-	-	51,356
Travel	1,682	4,352	18,103	24,137	2,743	549	27,429
Dues and Subscriptions	284	277	4,340	4,901	1,634	-	6,535
Occupancy	4,648	11,838	12,541	29,027	9,676	-	38,703
Insurance	1,676	2,319	1,338	5,333	5,334	-	10,667
Miscellaneous	-	6,058	1,904	7,962	885	-	8,847
Depreciation	-	-	1,345	1,345	461	37	1,843
<b>TOTAL EXPENSES</b>	<b>\$ 180,055</b>	<b>\$ 314,547</b>	<b>\$ 616,727</b>	<b>\$ 1,111,329</b>	<b>\$ 154,394</b>	<b>\$ 18,477</b>	<b>\$ 1,284,200</b>

See Accompanying Notes

**FAMILY AND CHILDCARE RESOURCES  
OF NORTHEAST WISCONSIN, INC.**

Statement of Functional Expenses  
For the Year Ended December 31, 2021

	Program Services			Supporting Services			Total
	Postive Parenting Program	Parents as Teachers Program	Other Programs Supporting Families	Total Program Services	Management and General	Fundraising	
<b>EXPENSES</b>							
Salaries and Wages	\$ 105,781	\$ 200,781	\$ 267,612	\$ 574,174	\$ 65,247	\$ 13,049	\$ 652,470
Payroll Taxes	10,545	20,016	16,325	46,886	5,328	1,066	53,280
Employee Benefits	1,322	2,509	51,847	55,678	6,327	1,265	63,270
Contracted Information Technology	3,705	4,312	9,713	17,730	-	-	17,730
Direct Program Expenses:							
Food	547	748	7,691	8,986	-	-	8,986
Program Events	-	-	10,777	10,777	-	-	10,777
Supplies	6,964	24,310	59,701	90,975	-	-	90,975
Grant Expenses	405	-	1,472	1,877	-	-	1,877
Miscellaneous	-	-	14,207	14,207	-	-	14,207
Office Supplies and Expense	8,905	7,851	945	17,701	1,967	-	19,668
Equipment Supplies and Maintenance	1,327	1,396	2,007	4,730	526	-	5,256
Advertising	1,816	1,553	2,613	5,982	1,056	-	7,038
Professional Accounting Fees	-	-	-	-	28,417	-	28,417
Training	4,403	5,419	4,426	14,248	1,619	324	16,191
Telephone	2,818	4,449	4,361	11,628	242	243	12,113
Postage	770	220	1,022	2,012	-	-	2,012
Printing	475	124	631	1,230	217	-	1,447
In-Kind Program Materials	-	-	29,212	29,212	-	-	29,212
Travel	1,764	3,038	9,589	14,391	1,636	327	16,354
Dues and Subscriptions	691	3,921	3,367	7,979	2,660	-	10,639
Occupancy	7,792	9,355	12,141	29,288	9,763	-	39,051
Insurance	1,850	2,298	883	5,031	5,030	-	10,061
Miscellaneous	-	-	7,961	7,961	885	-	8,846
Depreciation	-	-	2,415	2,415	827	66	3,308
<b>TOTAL EXPENSES</b>	<b>\$ 161,880</b>	<b>\$ 292,300</b>	<b>\$ 520,918</b>	<b>\$ 975,098</b>	<b>\$ 131,747</b>	<b>\$ 16,340</b>	<b>\$ 1,123,185</b>

See Accompanying Notes

**FAMILY AND CHILDCARE RESOURCES  
OF NORTHEAST WISCONSIN, INC.**  
Statements of Cash Flows  
For the Years Ended December 31, 2022 and 2021

	<b>2022</b>	<b>2021</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 153,130	\$ 43,317
Adjustments to Reconcile Change in Net Assets to Net Cash Flows From Operating Activities:		
Depreciation	1,843	3,308
Change in Beneficial Interest in Assets Held by Community Foundation	2,178	(1,109)
Unrealized Losses on Investments	6,877	-
Interest Income Reinvested in Certificates of Deposit	(1,168)	(261)
Investment Income Added to Investments	(793)	(810)
Paycheck Protection Program Forgiveness	-	(17,121)
(Increase) Decrease in Operating Assets:		
Grants Receivable	(49,809)	50,191
Increase (Decrease) in Operating Liabilities:		
Accrued Payroll, Benefits and Taxes	849	(10,453)
Deferred Revenue	-	(5,250)
Refundable Advance	-	(60,442)
Total Adjustments	(40,023)	(41,947)
<b>Net Cash Flows From Operating Activities</b>	113,107	1,370
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Investments	(5,000)	-
Purchase of Certificates of Deposits	(40,000)	(17,000)
<b>Net Cash Flows From Investing Activities</b>	(45,000)	(17,000)
<b>NET CHANGE IN CASH</b>	68,107	(15,630)
<b>CASH - BEGINNING</b>	199,044	214,674
<b>CASH - ENDING</b>	\$ 267,151	\$ 199,044

See Accompanying Notes

**FAMILY AND CHILDCARE RESOURCES  
OF NORTHEAST WISCONSIN, INC.**

Notes to Financial Statements  
December 31, 2022 and 2021

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**Note 1 - Summary of Significant Accounting Policies**

This summary of significant accounting policies of Family and Childcare Resources of Northeast Wisconsin, Inc. (Organization) is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

**Nature of Operations**

The Organization is a nonprofit organization and is dedicated to providing health care services, childcare, educational and counseling space and a community gathering area within Green Bay, Wisconsin. The Organization is supported primarily through grants from non-governmental and governmental organizations. The Organization also provides information to area residents regarding other public and private programs designed to improve school readiness for children from different cultural backgrounds, reduce gang violence and drug trafficking, eliminate homelessness, reduce cultural barriers, and improve the lives of area residents.

The Organization's support comes primarily from the Supporting Families Together Association, Family Services of Northeast Wisconsin, Inc. and the Child Abuse & Neglect Prevention Board. Approximately 40%, 19% and 15% of the Organization's total support was provided from these three entities for the year ended December 31, 2022, respectively. Approximately 41%, 22% and 21% of the Organization's support was provided from Supporting Families Together Association, Family Services of Northeast Wisconsin, Inc. and the Child Abuse & Neglect Prevention Board, for the year ended December 31, 2021, respectively.

During the year ended December 31, 2022, Family and Childcare Resources of Northeast Wisconsin, Inc. was notified that they would not be receiving a five-year federal grant award the Organization had received in the past through Supporting Families Together Association (SFTA). The grant award each year was approximately \$490,000. The new grant cycle was to start on June 1, 2022. The decision was protested by SFTA but the contract was given to a different provider. Family and Childcare Resources of Northeast Wisconsin, Inc. continued to receive funds from SFTA at the same level until the end of 2022. These funds will end officially in April of 2023 and Family and Childcare Resources of Northeast Wisconsin, Inc. has obtained new funding to cover some of the decrease from SFTA and will continue to find different revenue streams.

**Basis of Accounting**

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

**Cash**

For the purpose of the statements of cash flows, the Organization considers as cash equivalents all highly liquid investments which have a maturity period of three months or less at time of purchase. The Organization maintains its bank accounts at one financial institution. Aggregate accounts at the institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Organization had uninsured cash of \$88,329 as of December 31, 2022.

**Grants Receivable**

Grants receivable are recorded at gross amounts. There is no allowance for uncollectible accounts because management considers the amount to be fully collectible and realization losses, if any, on balances outstanding at year end will be immaterial.

**FAMILY AND CHILDCARE RESOURCES  
OF NORTHEAST WISCONSIN, INC.**

Notes to Financial Statements  
December 31, 2022 and 2021

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**Note 1 - Summary of Significant Accounting Policies (Continued)**

**Equipment and Depreciation**

Purchased equipment is recorded at cost. All acquisitions of property and equipment in excess of \$1,500 are capitalized. Donated equipment is recorded at its estimated value at date of donation. Depreciation for financial reporting purposes is calculated using the straight-line method over the estimated useful lives of the assets. The equipment at December 31, 2022 and 2021 had estimated useful lives ranging from 5 to 10 years.

**Investments**

Investments consist of debt and equity securities held in a mutual fund. Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position.

**Deferred Revenue**

Deferred revenue represents program revenue for future periods. The revenue will be recognized when it is earned.

**Financial Statements Presentation**

The Organization presents its financial statements according to two classes of net assets:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of Family and Childcare Resources of Northeast Wisconsin, Inc.'s management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of Family and Childcare Resources of Northeast Wisconsin, Inc. or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. The Organization currently does not have any donor restrictions that are perpetual in nature.

**Measure of Operations**

The statements of activities reports all changes in net assets, including changes in net assets from operating activities and other changes. Operating activities consist of those items attributable to Family and Childcare Resources of Northeast Wisconsin, Inc.'s ongoing services and interest and dividends earned on investments. Other changes are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

**Revenue Recognition**

Contributions received are recorded as without donor restricted or with donor restricted support, depending on the existence and nature of any donor restrictions. Support that is without donor restrictions is reported as an increase in net assets without donor restrictions. All other donor restricted support is reported as an increase in with donor restricted net assets, depending on the nature of the restriction. When a restriction expires (that is when a stipulated time restriction ends or purpose restriction is accomplished), with donor restricted net assets are reclassified to without donor restricted net assets and reported in the statements of activities as net assets released from restrictions. With donor restricted contributions whose restrictions are met in the same reporting period are recorded as without donor restricted contributions.

**FAMILY AND CHILDCARE RESOURCES  
OF NORTHEAST WISCONSIN, INC.**

Notes to Financial Statements  
December 31, 2022 and 2021

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**Note 1 - Summary of Significant Accounting Policies (Continued)**

**Revenue Recognition (Continued)**

The Organization provides a variety of training sessions throughout the year. Revenue is reported at the amount that reflects the consideration to which the Organization was entitled in exchange for providing the services to the customer. Customers are invoiced, and revenue is recognized at the time the performance obligation is satisfied, which occurs at the time the service is being performed.

Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award. Grants that qualify as contributions are evaluated for conditions and recognized as revenue in accordance with Accounting Standard Code (ASC) Topic 958-605 when the award is satisfied. Unconditional awards are recognized as revenue when the award is received. Amounts received in which conditions have not been met are reported as a refundable advance liability.

Exchange transactions are those in which the resource provider or grantor receives a commensurate value in exchange for goods or services transferred. Revenue is recognized in accordance with ASC Topic 606 when control of the promised goods or services is transferred to the customer (grantor) in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Amounts received in excess of recognized revenue are reflected as a contract liability.

**In-Kind Contributions**

The Organization records various types of in-kind contributions. Contributions of donated noncash assets, materials and services are recorded at their fair values in the period received.

Contributed services are recognized at fair value if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. There were no donated services recognized for the years ended December 31, 2022 and 2021.

In addition, donated services not meeting the criteria for recognition in the financial statements are received by the Organization. A substantial number of volunteers have donated significant amounts of their time. The Organization received 337 and 875 volunteer hours (unaudited) and the estimated value of these services amounted to \$2,696 and \$7,000 (unaudited) for the years ended December 31, 2022 and 2021, respectively. The value determined using a pay rate per hour that the Organization deems appropriate at \$8 per hour. These donated services are not reflected in the accompanying financial statements.

The Organization also receives donations of program materials and services. These amounts have been reported at their estimated fair value on the date of the receipt as both in-kind program materials and services and in their respective expense on the statement of activities. For the years ended December 31, 2022 and 2021, program materials and services were valued at \$51,356 and \$29,212, respectively.

**Income Taxes**

The Organization is a charitable organization under Section 501(c)(3) of the Internal Revenue Code and thus is exempt from income taxes. Gifts, grants and bequests are deductible by donors within limitations of the Internal Revenue Code. The Organization is subject to a tax on income from any unrelated activities. The Organization continually evaluates its tax positions, changes in tax law and new authoritative rulings for potential implications to its tax status. The Organization has not identified any income it would consider to be unrelated business income.

**Expense Allocation**

The costs of providing various programs and other activities have been summarized on a functional basis in the financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

**FAMILY AND CHILDCARE RESOURCES  
OF NORTHEAST WISCONSIN, INC.**

Notes to Financial Statements  
December 31, 2022 and 2021

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**Note 1 - Summary of Significant Accounting Policies (Continued)**

**Expense Allocation (Continued)**

The expenses that are allocated include the following:

Expense	Method of Allocation
Salaries and Wages	Time and Effort
Employee Benefits	Time and Effort
Office Supplies and Expense	Actual Usage
Equipment Supplies and Maintenance	Actual Usage
Advertising	Actual Usage
Training	Full Time Equivalent
Telephone	Time and Effort
Printing	Actual Usage
Travel	Actual Usage
Dues and Subscriptions	Actual Usage
Occupancy	Square Footage
Insurance	Full Time Equivalent
Miscellaneous	Time and Effort
Depreciation	Square Footage/Actual Usage

All expenses that are allocated between just program services are allocated by actual usage.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain amounts and disclosures. Accordingly, actual results may differ from these estimates.

**Advertising**

The Organization charges the costs of advertising to expense as incurred. Advertising expense was \$21,799 and \$7,038 for the years ended December 31, 2022 and 2021, respectively.

**Recently Adopted Accounting Pronouncements**

Effective January 1, 2022, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 842, under which a lessee records a lease as operating or financing. The Organization has determined that the adoption of ASC 842 has no material change to its operations.

In September 2020, Financial Accounting Standards Board (FASB) issued 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. There is no effect on net assets in connection with the implementation of ASU 2020-07.

**Subsequent Events**

Subsequent events were evaluated through June 1, 2023, which is the date the financial statements were available to be issued.



**FAMILY AND CHILDCARE RESOURCES  
OF NORTHEAST WISCONSIN, INC.**

Notes to Financial Statements  
December 31, 2022 and 2021

**Note 2 - Grants Receivable**

Grants receivable consist of the following at December 31, 2022 and 2021. Management has determined that all are fully collectible; therefore, no allowance for uncollectible accounts is necessary at December 31, 2022 and 2021.

	<b>2022</b>	<b>2021</b>
Child Abuse and Neglect Prevention Board	\$ 21,921	\$ 13,423
Department of Children and Families Prevention	11,420	7,667
Family Services	31,953	24,655
Supporting Families Together Association	75,503	41,870
City of Green Bay - Redevelopment	424	424
Families and Schools Together	-	5,338
Other Grants	2,405	440
	\$ 143,626	\$ 93,817

**Note 3 - Equipment**

The major categories of equipment as of December 31, 2022 and 2021 are summarized as follows:

	<b>2022</b>	<b>2021</b>
Furniture	\$ 802	\$ 802
Equipment	19,517	22,950
Total Equipment	20,319	23,752
Less: Accumulated Depreciation	20,319	21,909
Net Equipment	\$ -	\$ 1,843

**Note 4 - Availability and Liquidity**

The following represents Family and Childcare Resources of Northeast Wisconsin, Inc.'s financial assets at December 31, 2022 and 2021:

	<b>2022</b>	<b>2021</b>
Financial Assets at Year End:		
Cash	\$ 267,151	\$ 199,044
Grants Receivable	143,626	93,817
Certificates of Deposit	58,429	17,261
Investments	41,796	42,880
Beneficial Interest in Assets Held by Community Foundation	10,306	12,484
Total Financial Assets	521,308	365,486
Less Amounts not Available to be Used Within One Year:		
Net Assets With Donor Restrictions	94,004	8,188
Less Net Assets with Purpose Restrictions to be Met in Less Than One Year	(94,004)	(8,188)
Financial Assets Available to Meet Expenditures Over the Next Twelve Months	\$ 521,308	\$ 365,486

**FAMILY AND CHILDCARE RESOURCES  
OF NORTHEAST WISCONSIN, INC.**

Notes to Financial Statements  
December 31, 2022 and 2021

**Note 4 - Availability and Liquidity (Continued)**

At December 31, 2022, Family and Childcare Resources of Northeast Wisconsin, Inc. has \$521,308 of financial assets available to meet cash needs for general operating expenditures within one year of the statement of financial position date. The Organization keeps some assets in operating reserve accounts and these reserves are drawn upon as needed in order to meet financial obligations. The Board of Directors recommends that Family and Childcare Resources of Northeast Wisconsin, Inc. sets aside 20% of the fees for service without donor restricted dollars to build up the reserve. New dollars added to the reserve account should be held in a separate interest-bearing account that is fluid.

**Note 5 - With Donor Restricted Net Assets**

The with donor restricted net assets at December 31, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Subject to Expenditure for Specified Purpose:		
Jessica Raymaker Memorial Support Fund	\$ 1,673	\$ 1,673
Lois Charitable Trust - Parent Advisory	44	79
Triple P Crime Prevention	1,500	1,500
United Way Base Grant	9,415	4,936
Recruitment - Afghan Refugees	8,164	-
Cultural Responsibility	39,355	-
Help Me Grow Program	4,000	-
Childcare Recruitment	19,000	-
Foundational Class	10,000	-
Infant Mental Health	853	-
	<u>\$ 94,004</u>	<u>\$ 8,188</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Satisfaction of Purpose Restrictions:		
Lois Charitable Trust - Parent Advisory	\$ 35	\$ 288
Childcare of America	-	1,924
Families and Schools Together Preschool Development	-	10,200
Emergency Supplies	-	4,207
	<u>\$ 35</u>	<u>\$ 16,619</u>

**FAMILY AND CHILDCARE RESOURCES  
OF NORTHEAST WISCONSIN, INC.**

Notes to Financial Statements  
December 31, 2022 and 2021

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**Note 6 - Donated Materials and Services**

The value of donated program materials and services included in the financial statements as in-kind contributions and the corresponding expenses are as follows for the years ended December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Special Event Lodging, Rentals, Marketing and Supplies	\$ 14,731	\$ 12,283
Special Event Envelope Game Donations	7,862	-
Special Event Professional Services	-	3,425
Books and Toys	14,664	68
Supplies	14,099	13,436
	<u>\$ 51,356</u>	<u>\$ 29,212</u>

**Note 7 - Payroll Protection Program**

On May 7, 2020, the Organization qualified for and received a loan pursuant to the Paycheck Protection Program (PPP), a program implemented by the U.S. Small Business Administration (SBA) under the Coronavirus Aid, Relief, and Economic Security Act, from a qualified lender, for an aggregate principal amount of \$140,270. The PPP loan bears interest at a fixed rate of 1.0% per annum, has a term of two years, and is unsecured and guaranteed by the SBA. Interest will only be charged if the SBA determines the loan is not eligible for forgiveness (in whole or in part) or if the Organization does not apply for loan forgiveness within ten months of the end of their covered period.

Under the terms of the CARES Act, PPP loan recipients can apply for, and be granted forgiveness for all or a portion of the PPP loan and accrued interest. Such forgiveness will be determined, subject to limitations, based on the use of PPP loan proceeds for payment of payroll costs and any payments of mortgage interest, rent, utilities, covered operations expenditures, covered property damage, covered suppliers costs, and covered worker protection expenditures, and retention of employees and maintaining salary level. However, no assurance is provided that forgiveness for any PPP loan will be obtained.

The Organization expects to meet the PPP's eligibility criteria and therefore, has concluded that the PPP loan represents, in substance, a grant that is expected to be forgiven. The Organization initially recorded the amount received as a refundable advance followed by a reduction in the advance and recognition of revenue as the aforementioned conditions are substantially met. During the year ended December 31, 2020, the Organization used \$62,707 of the proceeds for purposes consistent with the PPP, resulting in recognition of the PPP loan amount as contribution revenue in the 2020 financial statements. During the year ended December 31, 2021, the Organization used \$17,121 of the proceeds for purposes consistent with the PPP, resulting in recognition of the PPP loan amount as contribution revenue in the accompanying financial statements. The remaining amount of \$60,442 was paid back in full to the U.S. Small Business Administration.

**Note 8 - Beneficial Interest in Assets Held by Community Foundation**

The Organization has a beneficial interest in assets held by the Greater Green Bay Community Foundation, Inc. for support of the charitable purpose of the Organization. The Board of Directors of the Community Foundation has sole discretion as to the investment and reinvestment of these funds and has variance power over the funds, which allows the Board of Directors of the Community Foundation to modify any restriction or condition of the distribution of the funds should the Organization cease to exist. The beneficial interest in assets held by the Community Foundation at December 31, 2022 and 2021 is \$10,306 and \$12,484, respectively.

**FAMILY AND CHILDCARE RESOURCES  
OF NORTHEAST WISCONSIN, INC.**

Notes to Financial Statements  
December 31, 2022 and 2021

**Note 9 - Fair Value Measurements**

Financial Accounting Standards Board Codification of Accounting Pronouncements, Fair Value Measurements, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1      Quoted prices (unadjusted) for identical assets or liabilities in active markets that the Organization has the ability to access as of the measurement date.
  
- Level 2      Significant other observable inputs other than level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
  
- Level 3      Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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

*Mutual Funds:* Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

Fair values of assets measured at December 31, 2022 and 2021 are as follows:

	<b>Fair Value Level 1</b>	<b>Fair Value Level 3</b>
<u>December 31, 2022</u>		
Beneficial Interest in Community Foundation	\$ -	\$ 10,306
Mutual Funds	41,796	-
Total	\$ 41,796	\$ 10,306
	<b>Fair Value Level 1</b>	<b>Fair Value Level 3</b>
<u>December 31, 2021</u>		
Beneficial Interest in Community Foundation	\$ -	\$ 12,484
Mutual Funds	42,880	-
Total	\$ 42,880	\$ 12,484

**FAMILY AND CHILDCARE RESOURCES  
OF NORTHEAST WISCONSIN, INC.**

Notes to Financial Statements  
December 31, 2022 and 2021

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**Note 9 - Fair Value Measurements (Continued)**

The Organization classifies its investments at the Community Foundation as Level 3 because they are valued by the Community Foundation, and it is not possible to determine a daily value of the Organization's portion of the commingled investment portfolio. The changes in Level 3 assets measured at fair value on a recurring basis are summarized as follows:

	<u>2022</u>	<u>2021</u>
Balance, Beginning of Year	\$ 12,484	\$ 11,375
Unrealized Gain (Loss)	(1,978)	1,309
Management Fees	<u>(200)</u>	<u>(200)</u>
Balance, End of Year	<u>\$ 10,306</u>	<u>\$ 12,484</u>

**Note 10 - Retirement Plan**

Those employees who have earned a minimum of \$5,000 in gross wages in any two preceding calendar years and expect to earn a minimum of \$5,000 in the current calendar year are eligible to participate in a Simple IRA Deduction and Matching Program. The annual employer contribution to the Simple IRA account is based on a uniform percentage determined by the Board of Directors. For the years ended December 31, 2022 and 2021, the Organization matched up to 3% of an employee's election into the retirement plan. For the years ended December 31, 2022 and 2021, the total contributions were \$16,938 and \$16,562, respectively.

**Note 11 - Operating Lease**

Under the terms of the lease agreement, total monthly payments will start at \$3,040 per month, increasing 3% per each two years after December 31, 2018, during the lease term ending December 31, 2022. The lessor covers all utilities, taxes and any supplies associated with the repairs to the common areas of the building. The lessor shall have the right to terminate the lease agreement upon a six-month written notice, however the lessee shall not be required to vacate the premises in the months of May, June, or July. Should the lessor terminate the lease agreement, the lessee will be reimbursed up to \$15,000 for moving expenses. Upon expiration of the lease on December 31, 2022, the lease continued on a month to month basis.

Rent expense was \$38,703 for the operating lease for each of the years ended December 31, 2022 and 2021, respectively.

## **SUPPLEMENTARY INFORMATION**

**FAMILY AND CHILDCARE RESOURCES  
OF NORTHEAST WISCONSIN, INC.**  
Schedule of Revenues and Expenses by Funding Source  
For the Year Ended December 31, 2022

	<u>Positive Parenting Program</u>	<u>Parents as Teachers Program</u>	<u>All Other</u>	<u>Total</u>
<b>REVENUES AND OTHER SUPPORT</b>				
<b>Government Grants</b>				
Federal and State Grants	\$ 180,695	\$ 327,908	\$ 395,114	\$ 903,717
Other Grants and Service Contracts	-	-	286,712	286,712
Contributions	-	-	47,388	47,388
United Way Base Allocation	-	-	86,228	86,228
Fundraising Event	-	-	38,605	38,605
Program Service Fees - Training	-	-	14,849	14,849
In-Kind Program Materials and Services	-	-	51,356	51,356
Investment Income	-	-	793	793
Other	-	-	16,737	16,737
<b>Total Revenues and Other Support</b>	<u>180,695</u>	<u>327,908</u>	<u>937,782</u>	<u>1,446,385</u>
<b>EXPENSES</b>				
Salaries and Wages	128,235	206,152	407,664	742,051
Payroll Taxes	9,813	16,099	31,197	57,109
Employee Benefits	16,063	15,376	37,470	68,909
Contracted Information Technology	1,974	3,523	7,469	12,966
Direct Program Expenses	3,882	24,848	116,107	144,837
Office Supplies and Expense	2,920	3,805	6,393	13,118
Equipment Supplies and Maintenance	1,614	2,232	4,905	8,751
Advertising	1,629	5,922	14,248	21,799
Professional Accounting Fees	2,912	13,920	22,319	39,151
Training	3,185	6,432	5,837	15,454
Telephone	1,858	4,254	4,923	11,035
Postage	59	-	378	437
Printing	533	1,060	1,610	3,203
In-Kind Program Materials	-	-	51,356	51,356
Travel	1,682	4,352	21,395	27,429
Dues and Subscriptions	284	277	5,974	6,535
Occupancy	4,648	11,838	22,217	38,703
Insurance	1,676	2,319	6,672	10,667
Miscellaneous	-	6,058	2,789	8,847
Depreciation	-	-	1,843	1,843
<b>Total Expenses</b>	<u>182,967</u>	<u>328,467</u>	<u>772,766</u>	<u>1,284,200</u>
<b>NET PROGRAM REVENUE (EXPENSE)</b>	<u>\$ (2,272)</u>	<u>\$ (559)</u>	<u>\$ 165,016</u>	<u>\$ 162,185</u>

## **ADDITIONAL REPORTS**



**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**

To the Board of Directors  
Family and Childcare Resources of Northeast Wisconsin, Inc.  
Green Bay, Wisconsin

We have audited, 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, the financial statements of Family and Childcare Resources of Northeast Wisconsin, Inc. (Organization), which comprise the statement of financial position as of December 31, 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, and have issued our report thereon dated June 1, 2023.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing 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 Organization's 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify deficiencies in internal control, described in the accompanying schedule of findings as items 2022-001, 2022-002, and 2022-003 that we consider to be material weaknesses.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization'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 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*.

To the Board of Directors  
Family and Childcare Resources of Northeast Wisconsin, Inc.

### **Family and Childcare Resources of Northeast Wisconsin, Inc.'s Responses to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on Family and Childcare Resources of Northeast Wisconsin, Inc.'s responses to the findings identified in our audit and described in the accompanying schedule of findings and corrective action plan. Family and Childcare Resources of Northeast Wisconsin, Inc.'s responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **Purpose of this Report**

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

*KerberRose SC*

**KerberRose SC**  
**Certified Public Accountants**  
Green Bay, Wisconsin  
June 1, 2023

**Independent Auditors' Report on Compliance for Each Major Federal Program  
And on Internal Control Over Compliance Required by the Uniform Guidance**

To the Board of Directors  
Family and Childcare Resources of Northeast Wisconsin, Inc.  
Green Bay, Wisconsin

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Family and Childcare Resources of Northeast Wisconsin, Inc.'s (Organization) 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 Organization's major federal programs for the year ended December 31, 2022. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings.

In our opinion, the Organization 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 December 31, 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 the Organization 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 Organization'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 Organization's federal programs.

To the Board of Directors  
Family and Childcare Resources of Northeast Wisconsin, Inc.

### ***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 Organization'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 Organization'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 the Organization'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 Organization'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 Organization'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.

To the Board of Directors  
Family and Childcare Resources of Northeast Wisconsin, Inc.

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.

*KerberRose SC*

**KerberRose SC**  
**Certified Public Accountants**  
Green Bay, Wisconsin  
June 1, 2023

**FEDERAL AWARDS SECTION**

**FAMILY AND CHILDCARE RESOURCES  
OF NORTHEAST WISCONSIN, INC.**  
Schedule of Expenditures of Federal and State Awards  
For the Year Ended December 31, 2022

Federal or State Grantor/ Pass-Through Grantor/Program Title	Assistance Listing Number (ALN)	State Identifying Number or Flow-Through	Expenditures
<b>FEDERAL</b>			
WISCONSIN DEPARTMENT OF CHILDREN AND FAMILIES			
Wisconsin Child Abuse and Neglect Prevention Board			
Community Based Child Abuse Prevention Grant			
July 1, 2021 through June 30, 2022	93.590	433001	\$ 42,042
July 1, 2022 through June 30, 2023	93.590	433001	26,673
July 1, 2021 through June 30, 2022	93.558	433001	58,206
July 1, 2022 through June 30, 2023	93.558	433001	68,413
Total Community Based Child Abuse Prevention			<u>195,334</u>
SUPPORTING FAMILIES TOGETHER ASSOCIATION			
Child Care and Development Cluster			
Child Care and Development Block Grant			
July 1, 2021 through June 30, 2022	93.575	Unknown	62,392
July 1, 2022 through June 30, 2023	93.575	Unknown	115,278
Child Care Mandatory and Matching Funds of the Child			
Care and Development Fund - Youngstar			
June 1, 2021 through May 31, 2022	93.596	Unknown	172,374
June 1, 2022 through December 31, 2022	93.596	Unknown	181,530
Total Child Care and Development Cluster			<u>531,574</u>
Preschool Development Grant			
January 1, 2022 through December 31, 2022	93.434	Unknown	38,784
Total Child Care and Development Block Grant, Child Care Development Fund and Preschool Development			<u>570,358</u>
FAMILY SERVICES OF NORTHEAST, WISCONSIN			
Affordable Care Act Maternal, Infant, and Early Childhood Home Visiting Program			
October 1, 2021 through September 30, 2022	93.870	Unknown	164,591
October 1, 2022 through September 30, 2023	93.870	Unknown	71,916
Temporary Assistance for Needy Families			
October 1, 2021 through September 30, 2022	93.558	Unknown	17,027
October 1, 2022 through September 30, 2023	93.558	Unknown	7,440
Total Child Home Visiting Program and Temporary Assistance for Needy Families			<u>260,974</u>
NEMOURS CHILDREN'S HEALTH SYSTEM			
Strengthening Public Health Systems and Services			
	93.421	Unknown	<u>1,354</u>
<b>TOTAL FEDERAL AWARDS</b>			<u>1,028,020</u>
<b>STATE</b>			
WISCONSIN DEPARTMENT OF CHILDREN AND FAMILIES			
Wisconsin Child Abuse and Neglect Prevention Board			
Community Based Child Abuse Prevention Grant			
July 1, 2021 through June 30, 2022	N/A	433001	61,351
July 1, 2022 through June 30, 2023	N/A	433001	58,210
Total Community Based Child Abuse Prevention			<u>119,561</u>
Preschool Development Grant			
January 1, 2022 through December 31, 2022	N/A	437-6099	<u>31,975</u>
FAMILY SERVICES OF NORTHEAST, WISCONSIN			
Affordable Care Act Maternal, Infant, and Early Childhood Home Visiting Program			
October 1, 2021 through September 30, 2022	N/A	433001	7,567
October 1, 2022 through September 30, 2023	N/A	433001	3,306
Childhood Home Visiting Program			<u>10,873</u>
<b>TOTAL FEDERAL AND STATE AWARDS</b>			<u>\$ 1,190,429</u>

The accompanying notes are an integral part of this schedule.  
(These notes are on the following page.)

**FAMILY AND CHILDCARE RESOURCES  
OF NORTHEAST WISCONSIN, INC.**

Notes to the Schedule of Expenditures of Federal and State Awards  
For the Year Ended December 31, 2022

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**Note 1 - Basis of Presentation**

The accompanying schedule of expenditures of federal and state awards includes the federal and state award activity of Family and Childcare Resources of Northeast Wisconsin, Inc. under programs of the federal and state government for the year ended December 31, 2022. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*.

Because the schedule presents only a select portion of the operations of Family and Childcare Resources of Northeast Wisconsin, Inc., it is not intended to, and does not, present the financial position, changes in net position or cash flows of the Family and Childcare Resources of Northeast Wisconsin, Inc.

**Note 2 - Summary of Significant Accounting Policies**

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Note 3 - Indirect Cost Rate**

Family and Childcare Resources of Northeast Wisconsin, Inc. did not use the 10% de minimis cost rate.

**Note 4 - Subrecipients**

Family and Childcare Resources of Northeast Wisconsin, Inc. did not have any subrecipient expenditures.



**FAMILY AND CHILDCARE RESOURCES  
OF NORTHEAST WISCONSIN, INC.**

Schedule of Findings  
December 31, 2022

**Section I - Summary of Auditors' Results**

**Financial Statements**

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness identified?	Yes
Significant deficiency identified?	None Reported
Noncompliance material to the financial statements?	No

**Federal Awards**

Internal control over major programs:	
Material weakness identified?	No
Significant deficiency identified?	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 2 CFR 200.516(a)?	No

Identification of major federal programs:

Assistance Listing Number

Name of Federal Program

**Child Care and Development  
Fund Cluster:**

93.575

Child Care and Development Block  
Grant

93.596

Child Care Mandatory and Matching  
Funds of the Child Care and  
Development Fund

Dollar threshold used to distinguish between Type A and Type B Programs	\$750,000
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Auditee qualified as a low-risk auditee?	No
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**FAMILY AND CHILDCARE RESOURCES  
OF NORTHEAST WISCONSIN, INC.**

Schedule of Findings  
December 31, 2022

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**Section II - Financial Statement Findings**

**2022-001 - Segregation of Duties**

<b>Criteria:</b>	The Governing Board and management are responsible for establishing and maintaining internal controls over financial reporting to prevent misstatements in their financial reporting.
<b>Condition:</b>	During our audit, we noted that many of the accounting functions are performed by a few individuals, including opening the mail, recording receipts, recording vendors invoices, transporting the bank deposit, preparing checks, and mailing the checks. These same individuals have the ability to record journal entries and reconcile accounts.
<b>Cause:</b>	Limited staff is available to properly segregate duties.
<b>Effect:</b>	Because of the lack of segregation of duties, unauthorized transactions or misstatements as a result of errors could occur.
<b>Recommendation:</b>	The Organization is not large enough to make the employment of additional persons for the purpose of segregation of duties practical from a financial standpoint. Therefore, the Governing Board should rely on its direct knowledge of the Organization's operations and thoroughly review financial reports to control and safeguard assets and insure accurate financial reporting.
<b>Management's Response:</b>	The Organization's Governing Board will continue to rely on its direct knowledge of daily operations and direct contact with employees to control and safeguard assets.

**2022-002 - Financial Accounting and Reporting**

<b>Criteria:</b>	Management is responsible for establishing and maintaining internal controls and for the fair presentation of the financial position, change in net assets, and disclosures in the financial statements, in conformity with U.S. Generally Accepted Accounting Principles (GAAP).
<b>Condition:</b>	During our audit, we noted that although the Organization's employees are capable of recording cash receipts and disbursements, there is not the expertise to convert year-end balances to accrual and to prepare the annual audited financial statements and the related disclosures in accordance with GAAP.
<b>Cause:</b>	The Organization's employees do not have the training to prepare the financial statements and notes to the financial statements in accordance with GAAP.
<b>Effect:</b>	Consequently, during our audit we prepared the Organization's financial statements. Although the auditors are preparing the financial statements and related footnotes and schedule of expenditures of federal and state awards, the Organization's management thoroughly reviews them and accepts responsibility for their completeness and accuracy.
<b>Recommendation:</b>	We recommend that management continue to make this decision on a cost/benefit basis.
<b>Management's Response:</b>	The Organization will continue to rely on the outside assistance of its auditors in this area because it is the most cost-effective solution.

**FAMILY AND CHILDCARE RESOURCES  
OF NORTHEAST WISCONSIN, INC.**

Schedule of Findings  
December 31, 2022

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**Section II - Financial Statement Finding (Continued)**

**2022-003 - Preparation of Schedule of Expenditures of Federal and State Awards**

- Criteria:** The Organization should prepare the schedule of expenditures of federal and state awards.
- Condition:** The Organization was unable to provide us with a schedule of expenditures of federal and state awards with the appropriate allocation of funds by Assistance Listing Number and funding source.
- Cause:** The Organization felt that they did not have the internal expertise to prepare the schedule.
- Effect:** The Organization requested its auditors to prepare this schedule.
- Recommendation:** The Organization should assign an individual internally that is qualified to prepare this schedule.
- Management's Response:** The Organization will continue to rely on outside assistance of its auditors in this area because it is the most cost-effective solution.

**Section III – Federal Award Findings and Questioned Costs**

None

**FAMILY AND CHILDCARE RESOURCES  
OF NORTHEAST WISCONSIN, INC.**

Schedule of Prior Year Findings  
December 31, 2022

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**2021-001: Segregation of Duties** – During our audit, we noted that many of the accounting functions are performed by a few individuals, including opening the mail, recording receipts, recording vendors invoices, transporting the bank deposit, preparing checks, and mailing the checks. These same individuals have the ability to record journal entries and reconcile accounts.

Status – This is a recurring finding from prior year. See schedule of findings for complete finding elements.

**2021-002: Financial Accounting and Reporting** – During our audit, we noted that although the Organization's employees are capable of recording cash receipts and disbursements, there is not the expertise to prepare the necessary accruals. In addition, we noted that the internal control system does not include a process for preparing the annual audited financial statements and the related disclosures in accordance with GAAP.

Status – This is a recurring finding from prior year. See schedule of findings for complete finding elements.

**2021-003: Preparation of Schedule of Expenditures of Federal and State Awards** – During our audit, we noted that the Organization was unable to provide us with a schedule of federal and state expenditures with the appropriate allocation of funds by Assistance Listing Number, state identification number and funding source.

Status – This is a recurring finding from prior year. See schedule of findings for complete finding elements.



### Corrective Action Plan

#### **Financial Statement Findings**

**Finding 2022-001: Segregation of Duties** - The Organization is aware of the lack of segregation of duties caused by the limited size of its staff. Segregation of duties is enhanced whenever possible, and the Governing Board assumes an active role when possible.

**Responsible Official**

Paula Breese, Executive Director

**Anticipated Completion Date**

This finding will not be completely resolved given the limited amount of financial staff and limited financial resources of the Organization. The Organization will rely on Board oversight and review of the financial records.

**Finding 2022-002: Financial Accounting and Reporting** - The Organization will continue to rely on the outside assistance of its auditors for the necessary guidance to adjust the year end balances to accrual and to prepare financial statements and related notes in accordance to generally accepted accounting principles because it is the most cost effective solution.

**Responsible Official**

Paula Breese, Executive Director

**Anticipated Completion Date**

This finding will not be completely resolved given the cost/benefit basis the Organization continues to make.

**Finding 2022-003: Preparation of Schedule of Expenditures of Federal and State Awards** - The Organization is aware of the requirements and will attempt to compile the information necessary to assure its compliance with this in the future.

**Responsible Official**

Paula Breese, Executive Director

**Anticipated Completion Date**

The Organization is able to manage the daily compliance requirements for all grants but due to the benefit/cost relationship, the Organization relies upon the auditor for assistance with preparing the schedule.

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