

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

Financial Statements

**For the Years Ended
December 31, 2023 and 2022**

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

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December 31, 2023 and 2022

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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, 2023 and 2022, 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 financial statements present fairly, in all material respects, the financial position of Family and Childcare Resources of Northeast Wisconsin, Inc. as of December 31, 2023 and 2022, 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 2023 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2023 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2023 financial statements or to the 2023 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 2023 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 July 15, 2024 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
July 15, 2024

FINANCIAL STATEMENTS

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

Statements of Financial Position
As of December 31, 2023 and 2022

	2023	2022
CURRENT ASSETS		
Cash	\$ 246,716	\$ 267,151
Grants Receivable	112,290	143,626
Prepaid Expenses	3,225	3,225
Total Current Assets	362,231	414,002
OTHER ASSETS		
Certificates of Deposits	161,238	58,429
Investments	60,739	41,796
Beneficial Interest in Assets Held By Community Foundation	11,592	10,306
Total Other Assets	233,569	110,531
TOTAL ASSETS	\$ 595,800	\$ 524,533
CURRENT LIABILITIES		
Accounts Payable	\$ 2,433	\$ -
Accrued Payroll, Benefits and Taxes	26,376	35,035
Deferred Revenue	-	7,831
Total Current Liabilities	28,809	42,866
NET ASSETS		
Without Donor Restrictions:		
Board Designated - Operating Reserve	60,739	41,796
Undesignated	426,434	345,867
Total Without Donor Restrictions	487,173	387,663
With Donor Restrictions	79,818	94,004
Total Net Assets	566,991	481,667
TOTAL LIABILITIES AND NET ASSETS	\$ 595,800	\$ 524,533

See Accompanying Notes

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

Statement of Activities
For the Year Ended December 31, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
OPERATING ACTIVITIES			
Support and Revenues			
Contributions	\$ 146,059	\$ 26,723	\$ 172,782
United Way	24,671	45	24,716
Grants and Service Contracts	1,029,892	-	1,029,892
Fundraising Event	40,319	-	40,319
Program Service Fees - Training	37,987	-	37,987
In-Kind Program Materials and Services	21,786	-	21,786
Investment Income	1,422	-	1,422
Interest Income	2,885	-	2,885
Miscellaneous Income	4,697	-	4,697
Net Assets Released from Restrictions	40,954	(40,954)	-
Total Support and Revenues	<u>1,350,672</u>	<u>(14,186)</u>	<u>1,336,486</u>
Expenses			
Program Services	1,068,102	-	1,068,102
Management and General	168,572	-	168,572
Fundraising	18,295	-	18,295
Total Expenses	<u>1,254,969</u>	<u>-</u>	<u>1,254,969</u>
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	<u>95,703</u>	<u>(14,186)</u>	<u>81,517</u>
OTHER CHANGES			
Unrealized Gains on Investments	2,521	-	2,521
Change in Beneficial Interest in Assets Held by Community Foundation	1,286	-	1,286
Total Other Changes	<u>3,807</u>	<u>-</u>	<u>3,807</u>
CHANGE IN NET ASSETS	99,510	(14,186)	85,324
NET ASSETS - BEGINNING	<u>387,663</u>	<u>94,004</u>	<u>481,667</u>
NET ASSETS - ENDING	<u>\$ 487,173</u>	<u>\$ 79,818</u>	<u>\$ 566,991</u>

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>
OPERATING ACTIVITIES			
Support and Revenues			
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
Interest Income	1,420	-	1,420
Miscellaneous Income	15,317	-	15,317
Net Assets Released from Restrictions	35	(35)	-
Total Support and Revenues	<u>1,360,569</u>	<u>85,816</u>	<u>1,446,385</u>
Expenses			
Program Services	1,111,329	-	1,111,329
Management and General	154,394	-	154,394
Fundraising	18,477	-	18,477
Total Expenses	<u>1,284,200</u>	<u>-</u>	<u>1,284,200</u>
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	<u>76,369</u>	<u>85,816</u>	<u>162,185</u>
OTHER CHANGES			
Unrealized Losses on Investments	(6,877)	-	(6,877)
Change in Beneficial Interest in Assets Held by Community Foundation	(2,178)	-	(2,178)
Total Other Changes	<u>(9,055)</u>	<u>-</u>	<u>(9,055)</u>
CHANGE IN NET ASSETS	67,314	85,816	153,130
NET ASSETS - BEGINNING	<u>320,349</u>	<u>8,188</u>	<u>328,537</u>
NET ASSETS - ENDING	<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 Functional Expenses
For the Year Ended December 31, 2023

	Program Services				Supporting Services		
	Postive Parenting Program	Parents as Teachers Program	Other Programs Supporting Families	Total Program Services	Management and General	Fundraising	Total
EXPENSES							
Salaries and Wages	\$ 141,864	\$ 210,305	\$ 302,940	\$ 655,109	\$ 74,444	\$ 14,889	\$ 744,442
Payroll Taxes	10,786	16,335	23,732	50,853	5,779	1,156	57,788
Employee Benefits	17,916	14,913	27,357	60,186	6,839	1,368	68,393
Contracted Information Technology	1,374	2,972	5,374	9,720	-	-	9,720
Direct Program Expenses:							
Food	1,313	2,186	22,529	26,028	-	-	26,028
Program Events	120	120	13,348	13,588	-	-	13,588
Supplies	1,998	22,021	73,022	97,041	-	-	97,041
Miscellaneous	451	521	4,807	5,779	-	-	5,779
Office Supplies and Expense	2,334	2,306	4,427	9,067	1,008	-	10,075
Equipment Supplies and Maintenance	953	1,128	3,151	5,232	581	-	5,813
Advertising	4,489	2,425	12,434	19,348	3,414	-	22,762
Professional Accounting Fees	-	-	-	-	53,576	-	53,576
Training	2,746	1,309	3,463	7,518	854	171	8,543
Telephone	2,168	4,073	4,846	11,087	231	231	11,549
Postage	264	264	1,189	1,717	-	-	1,717
Printing	2,090	1,060	161	3,311	584	-	3,895
In-Kind Program Materials	-	-	21,786	21,786	-	-	21,786
Travel	2,768	3,383	14,983	21,134	2,402	480	24,016
Dues and Subscriptions	396	3,073	6,050	9,519	3,173	-	12,692
Occupancy	5,292	11,828	11,980	29,100	9,700	-	38,800
Insurance	1,341	3,000	1,424	5,765	5,765	-	11,530
Miscellaneous	-	5,214	-	5,214	222	-	5,436
TOTAL EXPENSES	\$ 200,663	\$ 308,436	\$ 559,003	\$ 1,068,102	\$ 168,572	\$ 18,295	\$ 1,254,969

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>
EXPENSES							
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
TOTAL EXPENSES	\$ 180,055	\$ 314,547	\$ 616,727	\$ 1,111,329	\$ 154,394	\$ 18,477	\$ 1,284,200

See Accompanying Notes

**FAMILY AND CHILDCARE RESOURCES
OF NORTHEAST WISCONSIN, INC.**
Statements of Cash Flows
For the Years Ended December 31, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 85,324	\$ 153,130
Adjustments to Reconcile Change in Net Assets to Net Cash Flows From Operating Activities:		
Depreciation	-	1,843
Change in Beneficial Interest in Assets		
Held by Community Foundation	(1,286)	2,178
Unrealized (Gains)/Losses on Investments	(2,521)	6,877
Interest Income Reinvested in Certificates of Deposit	(2,809)	(1,168)
Investment Income Added to Investments	(1,422)	(793)
(Increase) Decrease in Operating Assets:		
Grants Receivable	31,336	(49,809)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	2,433	-
Accrued Payroll, Benefits and Taxes	(8,659)	849
Deferred Revenue	(7,831)	-
Total Adjustments	9,241	(40,023)
Net Cash Flows From Operating Activities	94,565	113,107
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(15,000)	(5,000)
Purchase of Certificates of Deposits	(100,000)	(40,000)
Net Cash Flows From Investing Activities	(115,000)	(45,000)
NET CHANGE IN CASH	(20,435)	68,107
CASH - BEGINNING	267,151	199,044
CASH - ENDING	\$ 246,716	\$ 267,151

See Accompanying Notes

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

Notes to Financial Statements
December 31, 2023 and 2022

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 19%, 21% and 29% of the Organization's total support was provided from these three entities for the year ended December 31, 2023, respectively. Approximately 40%, 19% and 15% 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, 2022, respectively.

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 \$160,811 as of December 31, 2023.

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.

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.

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

Notes to Financial Statements
December 31, 2023 and 2022

Note 1 - Summary of Significant Accounting Policies (Continued)

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 report 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 support 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.

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.

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

Notes to Financial Statements
December 31, 2023 and 2022

Note 1 - Summary of Significant Accounting Policies (Continued)

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, 2023 and 2022.

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 482 and 337 volunteer hours (unaudited) and the estimated value of these services amounted to \$3,856 and \$2,696 (unaudited) for the years ended December 31, 2023 and 2022, 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 statements of activities. For the years ended December 31, 2023 and 2022, program materials and services were valued at \$21,786 and \$51,356, 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, 2023 and 2022

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 \$22,762 and \$21,799 for the years ended December 31, 2023 and 2022, respectively.

Recently Adopted Accounting Pronouncements

In June 2016, the FASB issued guidance (FASB ASC 326) which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through the change in net assets. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. There are no such financial assets held by the Organization that are subject to the guidance in FASB ASC 326, thus the impact of the adoption was not considered material to the financial statements.

Subsequent Events

Subsequent events were evaluated through July 15, 2024, 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, 2023 and 2022

Note 2 - Grants Receivable

Grants receivable consist of the following at December 31, 2023 and 2022. Management has determined that all are fully collectible; therefore, no allowance for uncollectible accounts is necessary at December 31, 2023 and 2022.

	2023	2022
Brown County ARPA	\$ 12,334	\$ -
Child Abuse and Neglect Prevention Board	27,021	21,921
Department of Children and Families Prevention	9,298	11,420
Door County Child Care Services	1,591	-
Family Services	25,262	31,953
Supporting Families Together Association	29,638	75,503
City of Green Bay - Redevelopment	-	424
United Way - Brown County	3,585	-
Other Grants	3,561	2,405
	\$ 112,290	\$ 143,626

Note 3 - Availability and Liquidity

The following represents Family and Childcare Resources of Northeast Wisconsin, Inc.'s financial assets at December 31, 2023 and 2022:

	2023	2022
Financial Assets at Year End:		
Cash	\$ 246,716	\$ 267,151
Grants Receivable	112,290	143,626
Certificates of Deposit	161,238	58,429
Investments	60,739	41,796
Beneficial Interest in Assets Held by Community Foundation	11,592	10,306
Total Financial Assets	592,575	521,308
Less Amounts not Available to be Used Within One Year:		
Net Assets With Donor Restrictions	79,818	94,004
Financial Assets Available to Meet Expenditures Over the Next Twelve Months	\$ 512,757	\$ 427,304

At December 31, 2023, Family and Childcare Resources of Northeast Wisconsin, Inc. has \$512,757 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.

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

Notes to Financial Statements
December 31, 2023 and 2022

Note 4 - With Donor Restricted Net Assets

The with donor restricted net assets at December 31, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Subject to Expenditure for Specified Purpose:		
Jessica Raymaker Memorial Support Fund	\$ 1,517	\$ 1,673
Lois Charitable Trust - Parent Advisory	44	44
Triple P Crime Prevention	-	1,500
United Way Base Grant	9,460	9,415
Recruitment - Afghan Refugees	1,161	8,164
Cultural Responsibility	17,914	39,355
Help Me Grow Program	8,767	4,000
Childcare Recruitment	30,794	19,000
Foundational Class	-	10,000
Infant Mental Health	-	853
Mother Infant Therapy Group	10,161	-
	<u>\$ 79,818</u>	<u>\$ 94,004</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, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Satisfaction of Purpose Restrictions:		
Cultural Responsibility	\$ 21,441	\$ -
Foundational Class	10,000	-
Infant Mental Health	853	-
Jessica Raymaker Memorial Support Fund	157	-
Lois Charitable Trust - Parent Advisory	-	35
Recruitment - Afghan Refugees	7,003	-
Triple P Crime Prevention	1,500	-
	<u>\$ 40,954</u>	<u>\$ 35</u>

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

Notes to Financial Statements
December 31, 2023 and 2022

Note 5 - 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, 2023 and 2022:

	2023	2022
Special Event Lodging, Rentals, Marketing and Supplies	\$ 10,374	\$ 14,731
Special Event Envelope Game Donations	5,412	7,862
Special Event Professional Services	6,000	-
Books and Toys	-	14,664
Supplies	-	14,099
	\$ 21,786	\$ 51,356

Note 6 - 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, 2023 and 2022 is \$11,592 and \$10,306, respectively.

Note 7 - 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.

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

Notes to Financial Statements
December 31, 2023 and 2022

Note 7 - Fair Value Measurements (Continued)

Fair values of assets measured at December 31, 2023 and 2022 are as follows:

	Fair Value Level 1	Fair Value Level 3
<u>December 31, 2023</u>		
Beneficial Interest in Community Foundation	\$ -	\$ 11,592
Mutual Funds	60,739	-
Total	\$ 60,739	\$ 11,592
 <u>December 31, 2022</u>		
Beneficial Interest in Community Foundation	\$ -	\$ 10,306
Mutual Funds	41,796	-
Total	\$ 41,796	\$ 10,306

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:

	2023	2022
Balance, Beginning of Year	\$ 10,306	\$ 12,484
Unrealized Gain (Loss)	1,486	(1,978)
Management Fees	(200)	(200)
Balance, End of Year	\$ 11,592	\$ 10,306

Note 8 - 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, 2023 and 2022, the Organization matched up to 3% of an employee's election into the retirement plan. For the years ended December 31, 2023 and 2022, the total contributions were \$18,969 and \$16,938, respectively.

Note 9 - 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, 2023, the lease continued on a month-to-month basis.

Rent expense was \$38,800 and \$38,703 each of the years ended December 31, 2023 and 2022, 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, 2023

	<u>Positive Parenting Program</u>	<u>Parents as Teachers Program</u>	<u>All Other</u>	<u>Total</u>
REVENUES AND OTHER SUPPORT				
Government Grants				
Federal and State Grants	\$ 206,370	\$ 333,691	\$ 395,114	\$ 935,175
Other Grants and Service Contracts	-	-	94,717	94,717
Contributions	-	-	172,782	172,782
United Way Base Allocation	-	-	24,716	24,716
Fundraising Event	-	-	40,319	40,319
Program Service Fees - Training	-	-	37,987	37,987
In-Kind Program Materials and Services	-	-	21,786	21,786
Investment Income	-	-	1,422	1,422
Interest Income	-	-	2,885	2,885
Other	-	-	4,697	4,697
Total Revenues and Other Support	<u>206,370</u>	<u>333,691</u>	<u>796,425</u>	<u>1,336,486</u>
EXPENSES				
Salaries and Wages	141,864	210,305	392,273	744,442
Payroll Taxes	10,786	16,335	30,667	57,788
Employee Benefits	17,916	14,913	35,564	68,393
Contracted Information Technology	1,374	2,972	5,374	9,720
Direct Program Expenses	3,882	24,848	113,706	142,436
Office Supplies and Expense	2,334	2,306	5,435	10,075
Equipment Supplies and Maintenance	953	1,128	3,732	5,813
Advertising	4,489	2,425	15,848	22,762
Professional Accounting Fees	2,090	6,245	45,241	53,576
Training	2,746	1,309	4,488	8,543
Telephone	2,168	4,073	5,308	11,549
Postage	264	264	1,189	1,717
Printing	2,090	1,060	745	3,895
In-Kind Program Materials	-	-	21,786	21,786
Travel	2,768	3,383	17,865	24,016
Dues and Subscriptions	396	3,073	9,223	12,692
Occupancy	5,292	11,828	21,680	38,800
Insurance	1,341	3,000	7,189	11,530
Miscellaneous	-	5,214	222	5,436
Total Expenses	<u>202,753</u>	<u>314,681</u>	<u>737,535</u>	<u>1,254,969</u>
NET PROGRAM REVENUE (EXPENSE)	<u>\$ 3,617</u>	<u>\$ 19,010</u>	<u>\$ 58,890</u>	<u>\$ 81,517</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 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 Family and Childcare Resources of Northeast Wisconsin, Inc. (Organization), which comprise the statement of financial position as of December 31, 2023, 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 July 15, 2024.

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 2023-001, 2023-002, and 2023-003 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
July 15, 2024

**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, 2023. 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, 2023.

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
July 15, 2024

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, 2023

Federal or State Grantor/ Pass-Through Grantor/Program Title	Assistance Listing Number (ALN)	State Identifying Number or Flow-Through	Expenditures
FEDERAL			
WISCONSIN DEPARTMENT OF CHILDREN AND FAMILIES			
Wisconsin Child Abuse and Neglect Prevention Board			
<i>Community Based Child Abuse Prevention Grant</i>			
July 1, 2022 through June 30, 2023	93.590	433001	\$ 143,237
July 1, 2023 through June 30, 2024	93.590	433001	89,703
July 1, 2022 through June 30, 2023	93.558	433001	41,158
July 1, 2023 through June 30, 2024	93.558	433001	57,496
<i>Total Community Based Child Abuse Prevention</i>			<u>331,594</u>
SUPPORTING FAMILIES TOGETHER ASSOCIATION			
Child Care and Development Cluster			
Child Care and Development Block Grant			
July 1, 2022 through June 30, 2023	93.575	Unknown	97,725
July 1, 2023 through June 30, 2024	93.575	Unknown	104,994
Child Care Mandatory and Matching Funds of the Child			
Care and Development Fund - Youngstar			
June 1, 2022 through May 31, 2023	93.596	Unknown	14,382
June 1, 2023 through December 31, 2023	93.596	Unknown	32,484
<i>Total Child Care and Development Cluster</i>			<u>249,585</u>
Preschool Development Grant			
January 1, 2023 through December 31, 2023	93.434	Unknown	9,086
<i>Total Child Care and Development Block Grant, Child Care Development Fund and Preschool Development</i>			<u>258,671</u>
FAMILY SERVICES OF NORTHEAST, WISCONSIN			
Maternal, Infant, and Early Childhood Home Visiting Program			
Temporary Assistance for Needy Families	93.870	Unknown	149,856
Temporary Assistance for Needy Families	93.558	Unknown	138,328
<i>Total Child Home Visiting Program and Temporary Assistance for Needy Families</i>			<u>288,184</u>
TOTAL FEDERAL AWARDS			<u>878,449</u>
STATE			
WISCONSIN DEPARTMENT OF CHILDREN AND FAMILIES			
Wisconsin Child Abuse and Neglect Prevention Board			
<i>Community Based Child Abuse Prevention Grant</i>			
July 1, 2022 through June 30, 2023	N/A	433001	94,271
July 1, 2023 through June 30, 2024	N/A	433001	54,127
<i>Total Community Based Child Abuse Prevention</i>			<u>148,398</u>
Preschool Development Grant			
January 1, 2023 through December 31, 2023	N/A	437-6099	3,045
TOTAL FEDERAL AND STATE AWARDS			<u>\$ 1,029,892</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, 2023

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, 2023. 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.

Note 5 - Family Services Funding

Expenditures reported on the schedule for Family Services are reported between ALN 93.870 and 93.558. Family Services contract runs from October to September, but documentation was not available after numerous attempts to separate out the funding sources between the two contracts. There is no material impact in determining the necessity of a single audit.

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

Schedule of Findings
December 31, 2023

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

93.575

**Child Care and Development
Fund Cluster:**
Child Care and Development Block
Grant
Child Care Mandatory and Matching
Funds of the Child Care and
Development Fund

93.596

93.870

Maternal, Infant, and Early Childhood
Home Visiting Program

Dollar threshold used to distinguish between Type A and Type B Programs	\$750,000
Auditee qualified as a low-risk auditee?	No

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

Schedule of Findings
December 31, 2023

Section II - Financial Statement Findings

2023-001 - Segregation of Duties

- Criteria:** The Governing Board and management are responsible for establishing and maintaining internal controls over financial reporting to prevent misstatements in their financial reporting.
- Condition:** 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.
- Cause:** Limited staff is available to properly segregate duties.
- Effect:** Because of the lack of segregation of duties, unauthorized transactions or misstatements as a result of errors could occur.
- Recommendation:** 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.
- Management's Response:** 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.

2023-002 - Financial Accounting and Reporting

- Criteria:** 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).
- Condition:** 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.
- Cause:** The Organization's employees do not have the training to prepare the financial statements and notes to the financial statements in accordance with GAAP.
- Effect:** 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.
- Recommendation:** We recommend that management continue to make this decision on a cost/benefit basis.
- Management's Response:** 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, 2023

Section II - Financial Statement Finding (Continued)

2023-003 - 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, 2023

2022-001: 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.

2022-002: 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.

2022-003: 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 2023-001: 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 2023-002: 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 2023-003: 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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