

THE WASHINGTON STATE CHILD CARE RESOURCE & REFERRAL NETWORK
(dba Child Care Aware of Washington)

FINANCIAL STATEMENTS
With Independent Auditor's Report

YEARS ENDED JUNE 30, 2024 AND 2023

UNIFORM GUIDANCE SUPPLEMENTARY FINANCIAL REPORTS
YEAR ENDED JUNE 30, 2024



THE WASHINGTON STATE CHILD CARE RESOURCE & REFERRAL NETWORK
(dba Child Care Aware of Washington)

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2024 AND 2023

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Child Care Aware of Washington
Tacoma, Washington

We have audited the accompanying financial statements of Washington State Child Care Resource & Referral Network dba Child Care Aware of Washington (a nonprofit corporation), which comprise the statements of financial position as of June 30, 2024 and 2023, 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 referred to above present fairly, in all material respects, the financial position of Child Care Aware of Washington as of June 30, 2024 and 2023, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Child Care Aware of Washington 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, 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 generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2024, on our consideration of the Child Care Aware of Washington's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Child Care Aware of Washington'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 Child Care Aware of Washington's internal control over financial reporting and compliance.



Jacobson Jarvis & Co, PLLC
Seattle, Washington
November 19, 2024

THE WASHINGTON STATE CHILD CARE RESOURCE & REFERRAL NETWORK
(dba Child Care Aware of Washington)

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2024 AND 2023

<u>ASSETS</u>		<u>2024</u>	<u>2023</u>
Current Assets			
Cash and cash equivalents		\$ 2,894,416	\$ 1,664,812
Grants receivable		6,110,033	7,589,438
Promises to give		158,970	-
Prepaid expenses		<u>66,191</u>	<u>74,521</u>
Total Current Assets		9,229,610	9,328,771
Security Deposits		23,718	23,718
Right-of-Use Asset - Operating Lease		291,130	430,873
Furniture and Equipment, net of accumulated depreciation of \$512,473 and \$479,313		<u>366,188</u>	<u>399,348</u>
		<u>\$ 9,910,646</u>	<u>\$10,182,710</u>
<u>LIABILITIES AND NET ASSETS</u>			
Current Liabilities			
Accounts payable		\$ 5,018,166	\$ 5,621,037
Accrued payroll, vacation and other		100,278	288,138
Refundable advances		219,135	211,786
Current portion - operating lease liabilities		<u>138,403</u>	<u>129,642</u>
Total Current Liabilities		5,475,982	6,250,603
Operating Lease Liabilities, net of current portion		<u>172,448</u>	<u>310,851</u>
Total Liabilities		<u>5,648,430</u>	<u>6,561,454</u>
Net Assets			
Without donor restrictions		2,478,202	2,602,619
With donor restrictions		<u>1,784,014</u>	<u>1,018,637</u>
Total Net Assets		<u>4,262,216</u>	<u>3,621,256</u>
		<u>\$ 9,910,646</u>	<u>\$10,182,710</u>

See notes to financial statements.

THE WASHINGTON STATE CHILD CARE RESOURCE & REFERRAL NETWORK
(dba Child Care Aware of Washington)

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2024 AND 2023

	2024			2023		
	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Public Support and Revenue						
Public Support						
Government contracts and grants	\$32,992,664	\$ -	\$32,992,664	\$31,443,384	\$ -	\$31,443,384
Foundations	1,070,596	1,191,190	2,261,786	639,598	1,018,637	1,658,235
Contributions	<u>7,148</u>	<u>-</u>	<u>7,148</u>	<u>6,848</u>	<u>-</u>	<u>6,848</u>
	34,070,408	1,191,190	35,261,598	32,089,830	1,018,637	33,108,467
Net assets released from purpose restrictions	<u>425,813</u>	<u>(425,813)</u>	<u>-</u>	<u>65,000</u>	<u>(65,000)</u>	<u>-</u>
Total Public Support	<u>34,496,221</u>	<u>765,377</u>	<u>35,261,598</u>	<u>32,154,830</u>	<u>953,637</u>	<u>33,108,467</u>
Revenue						
Membership, interest and other revenue	<u>41,620</u>	<u>-</u>	<u>41,620</u>	<u>42,286</u>	<u>-</u>	<u>42,286</u>
Total Public Support and Revenue	<u>34,537,841</u>	<u>765,377</u>	<u>35,303,218</u>	<u>32,197,116</u>	<u>953,637</u>	<u>33,150,753</u>
Expenses						
Program services	32,115,407	-	32,115,407	29,721,996	-	29,721,996
Advocacy	1,173,563	-	1,173,563	543,912	-	543,912
Management and general	1,359,688	-	1,359,688	1,120,500	-	1,120,500
Fundraising	<u>13,600</u>	<u>-</u>	<u>13,600</u>	<u>32,249</u>	<u>-</u>	<u>32,249</u>
Total Expenses	<u>34,662,258</u>	<u>-</u>	<u>34,662,258</u>	<u>31,418,657</u>	<u>-</u>	<u>31,418,657</u>
Change in Net Assets	(124,417)	765,377	640,960	778,459	953,637	1,732,096
Net Assets - beginning of year	<u>2,602,619</u>	<u>1,018,637</u>	<u>3,621,256</u>	<u>1,824,160</u>	<u>65,000</u>	<u>1,889,160</u>
Net Assets - end of year	<u>\$ 2,478,202</u>	<u>\$ 1,784,014</u>	<u>\$ 4,262,216</u>	<u>\$ 2,602,619</u>	<u>\$ 1,018,637</u>	<u>\$ 3,621,256</u>

THE WASHINGTON STATE CHILD CARE RESOURCE & REFERRAL NETWORK
(dba Child Care Aware of Washington)

STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED JUNE 30, 2024 AND 2023

	2024					2023				
	Management and					Management and				
	Program	Advocacy	General	Fundraising	Total	Program	Advocacy	General	Fundraising	Total
	Services					Services				
Salaries	\$ 1,594,483	\$ 275,489	\$ 600,468	\$ 10,172	\$ 2,480,612	\$ 1,457,314	\$ 73,635	\$ 527,028	\$ 19,922	\$ 2,077,899
Payroll taxes and benefits	396,573	58,475	165,802	1,655	622,505	361,269	11,492	132,336	2,906	508,003
	1,991,056	333,964	766,270	11,827	3,103,117	1,818,583	85,127	659,364	22,828	2,585,902
Contract services	25,992,210	-	-	-	25,992,210	24,342,752	-	-	-	24,342,752
Scholarships	1,956,039	-	-	-	1,956,039	1,459,190	-	-	-	1,459,190
Professional fees	334,458	603,186	99,179	488	1,037,311	175,608	320,458	50,568	4,331	550,965
Training and technology services	530,968	23,738	263,171	-	817,877	426,089	10,539	193,785	1,797	632,210
Incentives and recognition	613,256	51,385	108	-	664,749	933,482	64,742	953	-	999,177
Travel and meetings	251,010	79,362	19,668	-	350,040	91,337	10,439	12,400	3	114,179
Communications	121,333	48,368	23,531	-	193,232	31,799	1,237	13,687	-	46,723
Occupancy	110,733	19,428	38,551	1,160	169,872	124,124	4,594	44,852	1,579	175,149
Office miscellaneous	25,246	13,492	63,882	120	102,740	39,219	263	82,395	1,650	123,527
Evaluation services	90,127	-	-	-	90,127	130,821	-	-	-	130,821
Other expenses	66,860	88	15,420	5	82,373	73,117	45,013	8,839	-	126,969
Curriculum and training	26,094	480	11,270	-	37,844	75,864	1,500	11,205	61	88,630
Depreciation	-	-	33,159	-	33,159	-	-	17,202	-	17,202
Insurance	-	-	17,023	-	17,023	-	-	18,356	-	18,356
Printing and publications	6,017	72	8,456	-	14,545	11	-	6,894	-	6,905
Total Expenses	\$ 32,115,407	\$ 1,173,563	\$ 1,359,688	\$ 13,600	\$ 34,662,258	\$ 29,721,996	\$ 543,912	\$ 1,120,500	\$ 32,249	\$ 31,418,657

THE WASHINGTON STATE CHILD CARE RESOURCE & REFERRAL NETWORK
(dba Child Care Aware of Washington)

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
Cash Flows from Operating Activities		
Cash received from:		
Government agencies	\$34,472,069	\$29,638,317
Donors and foundations	2,117,313	1,772,220
Interest	40,618	6,726
Other revenue	1,002	35,560
Cash paid for:		
Subrecipients	(25,992,210)	(24,342,752)
Personnel	(3,251,917)	(2,617,363)
Services and supplies	<u>(6,157,271)</u>	<u>(3,365,246)</u>
Net Cash Provided by Operating Activities	1,229,604	1,127,462
Cash Flows from Investing Activities		
Purchases of property and equipment	<u>-</u>	<u>(153,675)</u>
Changes in Cash and Cash Equivalents	1,229,604	973,787
Cash and Cash Equivalents - beginning of year	<u>1,664,812</u>	<u>691,025</u>
Cash and Cash Equivalents - end of year	<u>\$ 2,894,416</u>	<u>\$ 1,664,812</u>

THE WASHINGTON STATE CHILD CARE RESOURCE REFERRAL NETWORK
(dba Child Care Aware of Washington)
NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2024 AND 2023

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

The Washington State Child Care Resource & Referral Network dba Child Care Aware of Washington (CCA of WA) is a nonprofit organization dedicated to ensuring that every child in Washington has access to high-quality child care and early learning programs. As a statewide organization, we influence child care and early learning policies while also delivering the means to make a positive difference for all children, including those furthest from opportunity.

CCA of WA is our state's most thorough and accessible source of information and support in early care and education (birth to 12 years). We work alongside families, child care providers, caregivers, and communities to meet the diverse and specialized learning needs of every child in our state. We use data and story to influence policy makers, system leaders and our partners to ensure every child in Washington has equitable access to quality learning experiences.

CCA of WA implements Early Achievers, Washington's Quality Rating and Improvement System that delivers high-quality training and professional development opportunities to child care providers across our state. Early Achievers services are delivered using a cadre of relationship based professional development staff that utilize research-based and culturally-responsive best practices with providers so they may offer high quality care and early learning experiences that improve the lives of children and families, and helps close the opportunity gap.

With our CCA of WA Scholarships program we have a direct impact on early learning professionals who can enrich their expertise via higher education. CCA of WA currently funds scholars across the state who are pursuing Bachelor's degrees in early childhood education.

CCA of WA also connects families to high-quality child care programs and state child care subsidies through our Family Center, which assisted more than 7,000 families in 2024. For more than 30 years Washington families have come to rely on us to help them find quality child care that meets their needs.

CCA of WA manages a network of six local-member child care resource and referral programs housed in a variety of host organizations across the state. The CCA of WA Network subcontracts with these organizations to provide local child care resource and referral services, which include, but are not limited to, child care provider training, technical assistance and coaching, infant and early childhood mental health consultation, and outreach to parents and family, friend and neighbor caregivers. The CCA of WA Network serves as an information hub for the child care and early learning fields, leads and contributes to state and national policy and advocacy efforts and collects, compiles, analyzes and disseminates child care supply and demand data.

Created by state statute in 1986 and incorporated in 1989, the CCA of WA Network, formerly known as the Washington State Child Care Resource and Referral Network, is the only association of child care resource and referral agencies in the State of Washington.

THE WASHINGTON STATE CHILD CARE RESOURCE REFERRAL NETWORK
(dba Child Care Aware of Washington)
NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2024 AND 2023

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of presentation

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Net assets with donor restrictions are as follows as of June 30:

	<u>2024</u>	<u>2023</u>
Child Care Compensation/Stipends	\$ 1,514,957	\$ 838,336
Statewide Coaching	135,511	63,755
Family Friends and Neighbors	20,899	68,521
Norris E Daniels Fellowship	-	48,025
Future use in subsequent years	<u>112,647</u>	<u>-</u>
	<u>\$ 1,784,014</u>	<u>\$ 1,018,637</u>

Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are released from restriction when the assets are placed in service.

Cash and cash equivalents

CCA of WA considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. CCA of WA maintains its cash and cash equivalents in bank accounts that may exceed federally insured limits at times. CCA of WA has not experienced any losses in these accounts, and management does not believe it is exposed to any significant credit risk.

THE WASHINGTON STATE CHILD CARE RESOURCE REFERRAL NETWORK
(dba Child Care Aware of Washington)
NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2024 AND 2023

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair value measurements

In accordance with financial accounting standards, a three-tiered hierarchy of input levels is used for measuring fair value. Financial accounting standards defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Valuation techniques utilized to determine fair value are consistently applied. Transfers between levels in the fair value hierarchy are recognized at the end of the reporting period. The three tiers of inputs used for fair value measurements are as follows:

Level 1: Fair values are based on quoted prices in active markets for identical assets and liabilities.

Level 2: Fair values are based on observable inputs that include: quoted market prices for similar assets or liabilities; quoted market prices that are not in an active market; or other inputs that are observable in the market and can be corroborated by observable market data for substantially the full term of the assets.

Level 3: Fair values are calculated by the use of pricing models and/or discounted cash flow methodologies, and may require significant management judgment or estimation. These methodologies may result in a significant portion of the fair value being derived from unobservable data.

As of June 30, 2024 and 2023, CCA of WA had no assets or liabilities carried at fair value on a recurring basis. Assets and liabilities carried at fair value on a nonrecurring basis using level 2 inputs generally include donated goods, facilities and services. Long-term promises to give are valued on a nonrecurring basis using the net present value of future cash flows discounted at a risk-free rate of return which is a level 3 input. CCA of WA also uses fair value concepts to test various long-lived assets for impairment.

Furniture and equipment

Furniture and equipment are stated at cost or, if donated, at fair value at date of donation. Furniture and equipment with an original cost of \$1,000 or greater are capitalized. Depreciation is provided using the straight-line method over the estimated useful lives of three to five years. Furniture and equipment are comprised of computers, software, website development, and database development.

Support and revenue recognition

CCA of WA recognizes revenue from services when the services are provided. CCA of WA recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return or release, are not recognized until the conditions on which they depend have been met.

THE WASHINGTON STATE CHILD CARE RESOURCE REFERRAL NETWORK
(dba Child Care Aware of Washington)
NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2024 AND 2023

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Certain of CCA of WA's federal, state and local contracts and grants are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. CCA of WA's federal and state government contracts, as well as certain private foundation grants, are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses or allowable services. Conditional promises to give for which funds have been received in advance of meeting the conditions of \$219,135 and \$211,786 have been recognized as refundable advances as of June 30, 2024 and 2023, respectively. As of June 30, 2024 and June 30, 2023, conditional contributions totaling \$667,577 and \$1,446,789, for which no amounts had been received in advance, have not been recognized in the accompanying financial statements.

A substantial portion of support is derived from grants administered by various federal and state government agencies. Support from grants and contracts is subject to audits, which could result in adjustments. The adjustments are recorded at the time that such amounts can first be reasonably determined, normally upon notification by the government agency. During the years ended June 30, 2024 and 2023, no significant amounts were disallowed as a result of such examinations.

Functional allocation of expenses

CCA of WA's federal award contracts, as passed through the State of Washington, include specific performance requirements for some of the activities that are often considered management and supporting services. For example, the statements of work in the contracts require the CCA of WA to provide technical assistance to member agencies; to administer the Washington scholarships program; to operate a public information telephone line; and to provide information to child care professionals and the general public regarding resource and referral services in Washington. The performance of these services and their associated costs are considered program functions.

CCA of WA identifies and allocates certain overhead expenses, when material, to functional categories on the basis of overall CCA of WA efforts expended in these areas. Allocated expenses during the years ended June 30, 2024 and 2023 primarily include salaries, rent and insurance, among other costs.

Income taxes

The Internal Revenue Service has recognized Washington State Child Care Resource & Referral Network as exempt from federal income taxes under provision of Section 501(a) of the Internal Revenue Code as an entity described in Section 501(c)(3) and not as a private foundation.

THE WASHINGTON STATE CHILD CARE RESOURCE REFERRAL NETWORK
(dba Child Care Aware of Washington)
NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2024 AND 2023

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE B - LIQUIDITY

CCA of WA receives significant government funding and considers this funding central to its annual operations to be available to meet cash needs for general expenditures. CCA of WA's Board of Trustees manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The Board of Trustees aims to keep four to six months of reserves available. CCA of WA's financial assets available to meet cash needs for general expenditures within one year as of June 30, 2024 and 2023 totaled \$9,163,419 and \$9,254,250, respectively. Financial assets are considered unavailable when illiquid or not convertible to cash within one year.

NOTE C - CONCENTRATIONS

Credit Risk - Financial instruments that potentially subject CCA of WA to concentrations of credit risk consist of cash, cash equivalents and contract revenue receivable. CCA of WA places its temporary cash deposits with major financial institutions. At times, balances may exceed federally insured limits.

Contract revenue receivable balances are primarily from a variety of federal and state government agencies. Collateral is generally not required on any of these assets. CCA of WA has not experienced a history of significant credit-related losses.

CCA of WA receives the majority of its support for its operating activities from federal and state governments. A severe reduction in the level of this support, if this were to occur, would have a significant effect on CCA of WA's activities.

Support and Revenue - For the years ended June 30, 2024 and 2023, CCA of WA received 92% and 94% of its support and revenue from one funding source, respectively. As of June 30, 2024 and 2023, 98% and 96% of CCA of WA's total outstanding contract revenue receivable balance was from the same funding source, respectively.

THE WASHINGTON STATE CHILD CARE RESOURCE REFERRAL NETWORK
(dba Child Care Aware of Washington)
NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2024 AND 2023

NOTE D - RETIREMENT PLAN 403(b)

Effective July 1, 2000, CCA of WA began sponsoring a benefits and retirement plan that is available to substantially all employees where employees receive a total benefit allowance per month and can allocate the allowance to pay for medical and other benefits, with the remainder allocated to their retirement plan, or the whole amount allocated to their retirement account if other benefits are not selected. Under the plan, employees may elect to defer a portion of their salary subject to annual limits under section 403(b) of the Internal Revenue Code.

For the years ended June 30, 2024 and 2023, CCA of WA contributed a total of \$270 and \$295 per employee per month, depending on elections made, with the employee deciding how much, if any, to contribute to their individual 403(b) retirement account. The total employer 403(b) contributions for the years ended June 30, 2024 and 2023 was \$97,371 and \$71,895, respectively.

NOTE E - LEASE COMMITMENTS

CCA of WA has an operating lease for office space that expired July 2023 and was extended through July 2026. Operating leases are included in Right of Use (ROU) assets and operating lease liabilities in the statement of financial position. ROU assets represent a right to use an underlying asset for the lease term and operating lease liabilities represent the CCA of WA's obligation to make lease payments arising from the lease. The discount rate represents CCA of WA's election of the risk-free rate. Nonlease components, such as payments required for common area maintenance, are not included in the lease liability and are expensed as incurred.

The components of the lease costs for the years ended June 30 are as follows:

	<u>2024</u>	<u>2023</u>
Operating lease costs	\$ 169,872	\$ 175,149

Supplemental cash flow information:

Weighted-average remaining lease term	2.08 years
Weighted average discount rate	4.49%

Maturities of operating lease liabilities are as follows for the years ending June 30:

2024	\$ 148,331
2025	152,808
2026	<u>12,765</u>
	313,904
Less present value discount	<u>(3,053)</u>
	<u>\$ 310,851</u>

THE WASHINGTON STATE CHILD CARE RESOURCE REFERRAL NETWORK
(dba Child Care Aware of Washington)
NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2024 AND 2023

NOTE F - SUBSEQUENT EVENTS

Management has evaluated events occurring subsequent to June 30, 2024 through November 19, 2024, which is the date the financial statements were available to be issued, and has recognized in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at June 30, 2024, including the estimates inherent in the processing of financial statements.

SUPPLEMENTARY INFORMATION

THE WASHINGTON STATE CHILD CARE RESOURCE & REFERRAL NETWORK
(dba Child Care Aware of Washington)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2024

Federal Grantor <i>Pass-through Grantor</i> "Program Title"	Contract Number	Assistance Listing Number	Passed Through to Subrecipients	Federal Expenditures
US Department of Health and Human Services				
<i>Washington State Department of Children, Youth, and Families</i> "Child Care and Development Block Grant" - 477 Cluster	24-1002-06	93.575*	\$ 15,505,706	\$ 17,579,739
"Every Student Succeeds Act/Preschool Development Grants"	24-1002-06	93.434*	<u>661,885</u>	<u>902,212</u>
Total US Department of Health and Human Services			<u>\$ 16,167,591</u>	<u>\$ 18,481,951</u>
Total Federal Awards			<u>\$ 16,167,591</u>	<u>\$ 18,481,951</u>

* Denotes major program

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Child Care Aware of Washington (CCA of WA) and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (the Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE B - INDIRECT COST RATE

CCA of WA does not have a negotiated indirect cost rate for use on federal grants and contracts. As such, CCA of WA is eligible to use the 10% *de minimis* indirect cost rate.

INDEPENDENT AUDITOR'S REPORT
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

Board of Trustees
Child Care Aware of Washington
Tacoma, Washington

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 Washington State Child Care Resource & Referral Network dba Child Care Aware of Washington, which comprise the statement of financial position as of June 30, 2024, 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 November 19, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Child Care Aware of Washington's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Child Care Aware of Washington's internal control. Accordingly, we do not express an opinion on the effectiveness of Child Care Aware of Washington's internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Child Care Aware of Washington'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 Child Care Aware of Washington's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Jacobson Jarvis & Co, PLLC
Seattle, Washington
November 19, 2024

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

Board of Trustees
Child Care Aware of Washington
Tacoma, Washington

Report on Compliance with Each Major Federal Program

We have audited Washington State Child Care Resource & Referral Network dba Child Care Aware of Washington's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of Child Care Aware of Washington's major federal programs for the year ended June 30, 2024. Child Care Aware of Washington's major federal programs are identified in the summary of audit results section of the accompanying schedule of findings and questioned costs.

Opinion on Each Major Federal Program

In our opinion, Child Care Aware of Washington complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

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 Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Child Care Aware of Washington'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 Child Care Aware of Washington's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Child Care Aware of Washington'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 Child Care Aware of Washington's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Child Care Aware of Washington'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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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



Jacobson Jarvis & Co, PLLC
Seattle, Washington
November 19, 2024

THE WASHINGTON STATE CHILD CARE RESOURCE & REFERRAL NETWORK
(dba Child Care Aware of Washington)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2024

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements of Child Care Aware of Washington.
2. No material weaknesses relating to the financial statements are reported in the "Independent Auditor's Report Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*."
3. No instances of noncompliance material to the financial statements of Child Care Aware of Washington were disclosed during the audit.
4. No material weaknesses relating to the audit of the major federal award programs are reported in the "Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance as Required by the Uniform Guidance."
5. The auditor's report on compliance for the major federal award programs for Child Care Aware of Washington expresses an unmodified opinion.
6. Audit findings relative to the major federal award programs for Child Care Aware of Washington are reported in Part C of this Schedule.
7. The programs tested as major was:
Assistance Listing No. 93.575, "Child Care and Development Block Grant"
Assistance Listing No. 93.434, "Every Student Succeeds Act/Preschool Develop. Grants"
8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. Child Care Aware of Washington was determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

None.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT

None.