

Family Center of Washington County

FINANCIAL STATEMENTS

June 30, 2023

Family Center of Washington County
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Kittell Branagan & Sargent

Certified Public Accountants

Vermont License #167

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Family Center of Washington County
383 Sherwood Drive
Montpelier, VT 05602

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Family Center of Washington County (a nonprofit organization), which comprise the statement of financial position as of June 30, 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.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Family Center of Washington County as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Family Center of Washington County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 Center of Washington County's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 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 Family Center of Washington County'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 Family Center of Washington County'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 financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2023, on our consideration of Family Center of Washington County'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 Center of Washington County'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 Center of Washington County's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Kittell Branagan & Synt". The signature is written in a cursive, flowing style.

St. Albans, Vermont
December 20, 2023

Family Center of Washington County
STATEMENT OF FINANCIAL POSITION
June 30, 2023

ASSETS

CURRENT ASSETS

Cash	\$ 2,277,424
Accounts receivable	181,291
Grants & contracts receivable	353,508
Prepaid expenses	<u>29,548</u>

TOTAL CURRENT ASSETS 2,841,771

CAPITAL ASSETS

Property, plant and equipment	2,580,325
Less: Accumulated Depreciation	<u>(919,000)</u>

NET CAPITAL ASSETS 1,661,325

OTHER ASSETS

Restricted cash	<u>102,545</u>
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TOTAL ASSETS \$ 4,605,641

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 37,035
Accrued payroll and related liabilities	215,904
Accrued pension	20,000
Deferred revenue	64,610
Current portion of long-term debt	<u>55,412</u>

TOTAL CURRENT LIABILITIES 392,961

LONG-TERM DEBT, less current portion 1,014,205

NET ASSETS

Net assets without donor restrictions	<u>3,198,475</u>
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TOTAL LIABILITIES AND NET ASSETS \$ 4,605,641

See Accompanying Notes to Financial Statements

Family Center of Washington County
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2023

	<u>Net Assets without Donor Restrictions</u>
REVENUE AND SUPPORT	
Grant income	\$ 940,372
Contributions	67,326
Fee for service	2,082,419
Interest income	<u>26,732</u>
TOTAL REVENUE AND SUPPORT	<u>3,116,849</u>
EXPENDITURES	
Program Services:	
Family support and education	1,571,604
Child care support services	372,609
Central Vermont Building Bright Futures Council	83,627
Preschool	<u>392,098</u>
Total Program Services	<u>2,419,938</u>
Supporting Services:	
Administration and general	243,897
Fundraising - operating programs	<u>8,428</u>
Total Supporting Services	<u>252,324</u>
TOTAL EXPENDITURES	<u>2,672,263</u>
CHANGE IN NET ASSETS	444,586
NET ASSETS, beginning	<u>2,753,889</u>
NET ASSETS, ending	<u><u>\$ 3,198,475</u></u>

See Accompanying Notes to Financial Statements

Family Center of Washington County
SCHEDULE OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2023

FAMILY SUPPORT AND EDUCATION

Salaries	\$ 989,366
Fringe benefits	266,388
Technology	46,016
Occupancy	190,404
Depreciation	8,708
Advertising	544
Professional development	994
Office supplies	9,025
Professional fees	7,704
Program materials	7,368
Food supplies	1,353
Concrete assistance	22,220
Travel	<u>21,516</u>

TOTAL FAMILY SUPPORT AND EDUCATION \$ 1,571,604

CHILD CARE SUPPORT SERVICES

Salaries	\$ 124,640
Fringe benefits	33,638
Technology	6,349
Occupancy	21,609
Depreciation	1,125
Advertising	75
Office supplies	5,311
Professional development	200
Program materials	258
Contracted services	179,256
Travel	<u>147</u>

TOTAL CHILD CARE SUPPORT SERVICES \$ 372,609

See Accompanying Notes to Financial Statements.

Family Center of Washington County
SCHEDULE OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2023

CENTRAL VERMONT BUILDING BRIGHT FUTURES COUNCIL

Salaries	\$ 55,279
Fringe benefits	14,101
Technology	2,271
Occupancy	7,664
Professional development	60
Office supplies	220
Program materials	2,904
Professional fees	30
Food supplies	731
Concrete assistance	175
Travel	<u>192</u>

TOTAL CENTRAL VERMONT BUILDING BRIGHT FUTURES COUNCIL \$ 83,627

PRESCHOOL

Salaries	\$ 240,143
Fringe benefits	64,685
Technology	15,861
Occupancy	54,289
Advertising	664
Professional development	397
Office supplies	1,746
Professional fees	409
Program materials	4,496
Food supplies	9,162
Travel	<u>246</u>

TOTAL PRESCHOOL \$ 392,098

See Accompanying Notes to Financial Statements.

Family Center of Washington County
 SCHEDULE OF FUNCTIONAL EXPENSES
 For the Year Ended June 30, 2023

ADMINISTRATIVE & GENERAL

Salaries	\$ 75,535
Fringe benefits	26,648
Technology	5,417
Occupancy	19,974
Depreciation	18,550
Professional development	281
Payroll service	4,876
Office supplies	4,987
Audit	18,695
Other financing services	1,995
Professional fees	15,309
Bank charges	4,084
Advertising	549
Insurance	26,836
Program materials	575
Food supplies	284
Program dues	19,151
Other admin	<u>150</u>

TOTAL ADMINISTRATIVE & GENERAL	\$ <u>243,897</u>
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FUNDRAISING

Fundraising	\$ 956
Advertising	1,522
Office supplies	1,398
Insurance	318
Program materials	2,214
Food supplies	94
Program dues	<u>1,926</u>

TOTAL FUNDRAISING	\$ <u>8,428</u>
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See Accompanying Notes to Financial Statements.

Family Center of Washington County
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
Changes in net assets	\$ 444,586
Adjustments to reconcile net income to net cash used in operating activities:	
Depreciation	70,534
(Increase)/Decrease in:	
Accounts receivable	(175,559)
Grants receivable	102,853
Prepaid expenses	559
Increase/(Decrease) in:	
Accounts payable	(45,280)
Accrued payroll liabilities	24,000
Accrued pension	5,000
Deferred revenue	<u>(4,300)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>422,393</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of building and equipment	(39,707)
Net deposits to reserve	<u>(665)</u>
NET CASH (USED) BY INVESTING ACTIVITIES	<u>(40,372)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Principal payments of long-term debt	<u>(53,181)</u>
NET INCREASE IN CASH	328,840
CASH, Beginning of Year	<u>1,948,584</u>
CASH, End of Year	<u>\$ 2,277,424</u>
SUPPLEMENTAL DISCLOSURES	
Interest paid	<u>\$ 45,315</u>

See Accompanying Notes to Financial Statements

Family Center of Washington County
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Organization

The Family Center of Washington County (the "Center"), is a not-for-profit corporation organized in 1986. Its mission is to foster the positive growth and development of young children and their families.

The Center provides services through the following programs:

- Family Support and Education
- Childcare Support Services
- Central Vermont Building Bright Futures Council
- Early Childhood Program

Basis of Accounting

The Center prepares its financial statements in accordance with generally accepted accounting principles utilizing the accrual basis of accounting. Consequently, revenues are recognized when earned, and expenditures are recognized when incurred.

Basis of Presentation

The financial statements have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations" (the "Guide"). (ASC) 958-205 was effective July 1, 2018.

Under the provisions of the Guide, net assets and revenues and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Center and changes therein are classified as follows:

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 Center. The Center's board may designate assets without restrictions for specific operational purposes from time to time.

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 the Non-Profit Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Cash and Cash Equivalents

Cash includes amounts in demand deposits as well as certificates of deposit with a maturity date within three (3) months of the date acquired by the Center.

Accounts Receivable

The Center uses the allowance method of accounting for uncollectible receivables. There was no allowance deemed necessary for doubtful accounts at June 30, 2023.

Family Center of Washington County
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2023

NOTE 1 SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions

Contributions of cash and other assets are reported as restricted if they are received with donor stipulations that limit the use of the donated assets. Contributions can be unrestricted, temporarily restricted or permanently restricted.

Property and Equipment

Purchases of items of property and equipment in excess of \$2,500 are capitalized at cost. Depreciation is computed using the straight-line method over estimated useful lives. Estimated useful lives are as follows:

	<u>Lives in Years</u>
Buildings	15-50
Classroom Equipment	5
Furniture & Playground Equipment	7-15

Use of Estimates

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

Income Tax Status

The Center is a not-for-profit corporation under Section 501(c)3 of the Internal Revenue Code and has been classified as a publicly supported organization which is not a private foundation under Section 509(a) of the Internal Revenue Code. As such, the Center is exempt from income taxes on its exempt function income.

Consideration has been given to uncertain tax positions. The federal income tax returns for the years ended after June 30, 2019, remain open for potential examination by major tax jurisdictions, generally, for three years after they are filed.

NOTE 2 CASH AND CASH EQUIVALENTS

Cash in the Center's accounts at June 30, 2023, consists of the following:

	Book Balance	Bank Balance
Insured (FDIC)	\$ 927,927	\$ 927,927
Uninsured, Uncollateralized	1,451,717	1,464,602
Cash on hand	325	-
Total	\$ 2,379,969	\$ 2,392,529

The difference between the book balance and the bank balance is due to reconciling items such as deposits in transit and outstanding checks.

Family Center of Washington County
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 2 CASH AND CASH EQUIVALENTS (continued)

A portion of the above cash is restricted to funding one year of principal and interest payments on the USDA note payable. Each month, the Center must deposit \$821 until a reserve of \$95,844 is reached. At June 30, 2023 the restricted amount was \$102,545. See note 7 for further discussion on restricted cash.

NOTE 3 GRANTS AND CONTRACTS RECEIVABLE

Grants and contracts receivable consist of the following at June 30, 2023:

Vermont Department for Children and Families	
Core Grant	\$ 63,350
BBFDS Grant	27,745
Strengthening Families	3,333
Child Care Support Services	83,974
Parent Child Center Capital & Program Improvement	3,920
Family Support and Education	3,485
Family Stability Housing	1,440
Family Supportive Housing	<u>11,067</u>
Total Vermont Department for Children and Families	<u>198,314</u>
Washington County YSB	17,542
Gainwell	<u>137,652</u>
Subtotal	<u>155,194</u>
Total Grants and Contracts Receivable	<u><u>\$ 353,508</u></u>

Family Center of Washington County
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 4 CAPITAL ASSETS

Property, plant and equipment consist of the following at June 30, 2023:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated				
Land	\$ 175,000	\$ -	\$ -	\$ 175,000
Capital assets, being depreciated				
Buildings and improvements	2,111,682	25,508	-	2,137,190
Furniture and equipment	156,560	14,199	-	170,759
Classroom equipment	97,376	-	-	97,376
Total capital assets, being depreciated	<u>2,365,618</u>	<u>39,707</u>	<u>-</u>	<u>2,405,325</u>
Accumulated depreciation for				
Buildings and improvements	(578,405)	(42,151)	-	(620,556)
Furniture and equipment	(172,685)	(28,383)	-	(201,068)
Classroom equipment	(97,376)	-	-	(97,376)
Total accumulated depreciation	<u>(848,466)</u>	<u>(70,534)</u>	<u>-</u>	<u>(919,000)</u>
Total capital assets, being depreciated, net	<u>1,517,152</u>	<u>(30,827)</u>	<u>-</u>	<u>1,486,325</u>
Total property, plant and equipment, net	<u>\$ 1,692,152</u>	<u>\$ (30,827)</u>	<u>\$ -</u>	<u>\$ 1,661,325</u>

NOTE 5 DEFERRED REVENUE

Deferred revenue consists of the following at June 30, 2023:

Family Supportive Housing Grant	\$ 12,800
VT Foodbank Grant	8,331
CV Hearing/Vision Program	1,052
VFV Food Grant	4,000
National Life COVID Relief Funds	26,106
Bradley Fund	1,478
Welcome Home Funds - Housing Needs	4,597
NL Family Support	506
Saving Acct Balance	<u>5,740</u>
Total Deferred Revenue	<u>\$ 64,610</u>

Family Center of Washington County
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2023

NOTE 6 LONG-TERM DEBT

Long-term debt consists of the following at June 30, 2023:

Note payable to USDA for buildings and improvements. Monthly payments of \$8,208 at 4.125% simple interest, with a maturity date of December 2037.	<u>\$ 1,069,617</u>
Less: Current Portion	<u>(55,412)</u>
	<u>\$ 1,014,205</u>

Maturities for the years ended June 30,;

2024	\$ 55,412
2025	57,742
2026	60,169
2027	62,699
2028	65,334
Thereafter	<u>768,261</u>
	<u>\$ 1,069,617</u>

NOTE 7 RESERVE FOR REPLACEMENT

The USDA loan requires the Center to make deposits into an escrow account. This amount is equivalent to one year's principal and interest payment. This account can be drawn upon to make payments on the loan in the event that the Center does not have sufficient funds to make payment or can be used to make capital improvements in consultation with the USDA.

On May 30, 2007, the Family Center Board signed a USDA loan resolution security agreement authorizing the indebtedness (form RD-1942-9) in the amount of \$1.6 million. The Family Center has created a separate reserve bank account to comply with the loan agreement.

NOTE 8 PENSION PLAN

The Center has a tax deferred 403(b) plan. Eligible employees can elect to contribute pretax earnings to the plan up to the annual limits permitted by law. The Center may elect to make a discretionary matching contribution to the plan in an amount determined by the Center. The Center accrued a discretionary contribution of \$20,000 for the year ending June 30, 2023.

Family Center of Washington County
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2023

NOTE 9 ECONOMIC DEPENDENCE

The Center receives substantial grant funds from the Federal Government and the State of Vermont and is dependent upon this funding to support the majority of its activities and operations. This funding is renegotiated each year and is not guaranteed for future years beyond 2023. Loss of these funds could jeopardize the Center's ability to continue its activities and operations.

NOTE 10 LIQUIDITY

The following reflects the Center's financial assets available within one year of June 30, 2023 for general expenditures are as follows:

Cash and Cash Equivalents	\$ 2,277,424
Accounts Receivable (net)	181,291
Grants & contracts receivable	<u>353,508</u>
Financial assets available within one year for general expenditures	<u>\$ 2,812,223</u>

Restricted deposits, and reserves are restricted for specific purposes and therefore are not available for general expenditures.

As part of the Center's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

NOTE 11 LEASES

Family Center of Washington County has elected to apply the short-term lease cost exception to all leases with a term of one year or less by setting multiple lease terms to a year in length initially then renewing to month-to-month.

The leases include real estate leases from multiple lessors all of which had year long agreements initially then renewing month-to-month until they are terminated.

NOTE 12 SUBSEQUENT EVENTS

In accordance with Accounting Standards, the Center has evaluated subsequent events through December 20, 2023, which is the date these financial statements were available to be issued. All subsequent events requiring recognition as of June 30, 2023, have been incorporated into these financial statements herein.

SUPPLEMENTARY INFORMATION

FAMILY CENTER OF WASHINGTON COUNTY
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
For the Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Pass Through Grantor Number	Federal Assistance Listing Number	Expended
Community Facilities Loans and Grants Cluster			
U.S. Department of Agriculture			
Community Facilities Loan and Grants (Community Programs)		10.766	\$ 1,122,798
Total Community Facilities Loans and Grants Cluster			<u>1,122,798</u>
Medicaid Cluster			
Department of Health and Human Services			
Passed through State of Vermont, AHS/DCF/CDD			
Strengthening Families Grant	03440-39008-23	93.778	11,196
Passed through State of Vermont, AHS/DCF/CDD			
Strengthening Families Grant	03440-39031-23	93.778	22,328
Passed through State of Vermont, AHS/DCF/CDD			
Strengthening Families Grant	03440-39046-23	93.778	3,333
Passed through State of Vermont, AHS/DCF			
Parent Child Centers Grant	03440-32303-23	93.778	9,458
Passed through State of Vermont, AHS/DCF			
Parent Child Centers Grant	03440-32303-22-FCWC	93.778	18,207
Total Medicaid Cluster			<u>64,522</u>
SNAP Cluster			
Department of Agriculture			
Passed through State of Vermont, AHS/ DCF/ Economic Services Division			
SNAP E&T	03440-10073-22-A1	10.561	<u>7,435</u>
Other Programs			
U.S. Department of the Treasury			
Passed through State of Vermont, Department of Children & Families			
Emergency Rental Assistance Program	03440-46911-23-FCWC	21.023	33,167
Total Department of Treasury			<u>33,167</u>
U.S. Department of Health and Human Services			
Passed through State of Vermont, AHS/DCF			
Community-Based Child Abuse Prevention Grant	03440-32303-22-FCWC	93.590	12,000
Passed through State of Vermont, AHS/DCF			
Community-Based Child Abuse Prevention Grant	03440-32303-23	93.590	6,621
Total Community-Based Child Abuse Prevention Grant			<u>18,621</u>
Total Department of Health and Human Services			<u>18,621</u>
			<u>\$ 1,246,543</u>

FAMILY CENTER OF WASHINGTON COUNTY
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
For the Year Ended June 30, 2023

NOTE A BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Family Center of Washington County, Inc. under programs of the federal government for the year ended June 30, 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 selected portion of the operations of Family Center of Washington County, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Family Center of Washington County, Inc.

NOTE B 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.

Family Center of Washington County, Inc. has elected to not use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE C COMMUNITY FACILITIES LOANS

The balance of Community Facilities Loans outstanding at the end of the audit period were \$1,069,617.



Kittell Branagan & Sargent

Certified Public Accountants

Vermont License # 167

**INDEPENDENT AUDITOR'S 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 of
Family Center of Washington County

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 Center of Washington County (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 20, 2023.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Family Center of Washington County's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Family Center of Washington County's internal control. Accordingly, we do not express an opinion on the effectiveness of Family Center of Washington County's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Family Center of Washington County'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*.

Purpose of this Report

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



St. Albans, Vermont
December 20, 2023



Kittell Branagan & Sargent

Certified Public Accountants

Vermont License # 167

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

To the Board of Directors of
Family Center of Washington County

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Family Center of Washington County'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 Family Center of Washington County's major federal programs for the year ended June 30, 2023. Family Center of Washington County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Family Center of Washington County 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, 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 Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Family Center of Washington County 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 Family Center of Washington County'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 Family Center of Washington County's federal programs.

Auditor's 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 Family Center of Washington County'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 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 Family Center of Washington County'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 Family Center of Washington County'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 Family Center of Washington County'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 Family Center of Washington County'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.

A handwritten signature in black ink that reads "Kittell Brangan & Synt". The signature is written in a cursive, flowing style.

St. Albans, Vermont
December 20, 2023

Family Center of Washington County
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2023

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Family Center of Washington County were prepared in accordance with GAAP.
2. There were no significant deficiencies disclosed during the audit of the financial statements of Family Center of Washington County.
3. No instances of noncompliance material to the financial statements of Family Center of Washington County
4. There were no significant deficiencies disclosed during the audit of the federal award programs.
5. The auditor's report on compliance for the major federal award program for Family Center of Washington County expresses an unmodified opinion.
6. There were no audit findings that are required to be reported in accordance with 2CFR section 200.516(a).
6. The program tested as a major program was 10.766 Community Facilities Loans and Grants.
7. The threshold used for distinguishing between Types A and B programs was \$750,000.
8. Family Center of Washington County was determined to be a low-risk auditee.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

There were no findings related to the financial statement audit.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

There were no findings or questioned costs related to the major federal award programs.