

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, 2021 AND 2020

UNIFORM GUIDANCE SUPPLEMENTARY FINANCIAL REPORTS  
YEAR ENDED JUNE 30, 2021



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

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

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INDEPENDENT AUDITOR'S REPORT

November 16, 2021

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, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

**Management's Responsibility 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.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**


In our opinion, the financial statements referred to in the first paragraph of this letter present fairly, in all material respects, the financial position of Washington State Child Care Resource & Referral Network dba Child Care Aware of Washington as of June 30, 2021 and 2020, 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.

**Other Matters***Other 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 is presented for purposes of additional analysis as required by 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) 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 information is fairly stated, in all material respects, in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2021 on our consideration of 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 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 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

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

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
Current Assets		
Cash and cash equivalents	\$ 1,146,127	\$ 1,324,511
Contract revenue receivable	6,710,213	5,869,685
Prepaid expenses	<u>46,462</u>	<u>38,989</u>
Total Current Assets	7,902,802	7,233,185
Deposit	22,537	22,537
Furniture and Equipment, net of accumulated depreciation of \$442,519 and \$420,387	<u>282,467</u>	<u>269,621</u>
	<u>\$ 8,207,806</u>	<u>\$ 7,525,343</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities		
Accounts payable	\$ 5,975,172	\$ 5,053,162
Accrued payroll, vacation and other	313,079	370,501
Refundable advances	<u>-</u>	<u>311,981</u>
Total Current Liabilities	6,288,251	5,735,644
Deferred Lease Liability	<u>10,069</u>	<u>10,069</u>
Total Liabilities	<u>6,298,320</u>	<u>5,745,713</u>
Net Assets		
Without donor restrictions	1,831,018	1,640,548
With donor restrictions	<u>78,468</u>	<u>139,082</u>
Total Net Assets	<u>1,909,486</u>	<u>1,779,630</u>
	<u>\$ 8,207,806</u>	<u>\$ 7,525,343</u>

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

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2021 AND 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenue						
Public Support						
Government contracts and grants	\$27,114,646	\$ -	\$27,114,646	\$26,442,651	\$ -	\$26,442,651
Foundations	475,000	110,000	585,000	76,743	139,082	215,825
Contributions	104,064	-	104,064	36,296	-	36,296
In-kind Contributions	588	-	588	-	-	-
	27,694,298	110,000	27,804,298	26,555,690	139,082	26,694,772
Net assets released from purpose restrictions	170,614	(170,614)	-	-	-	-
Total Revenues and Other Support Without Donor Restrictions	27,864,912	(60,614)	27,804,298	26,555,690	139,082	26,694,772
Revenue						
Membership, interest and other revenue	31,536		31,536	25,363		25,363
Total Public Support and Revenue	27,896,448	(60,614)	27,835,834	26,581,053	139,082	26,720,135
Expenses						
Program services	26,474,736		26,474,736	25,579,284		25,579,284
Advocacy	90,322		90,322	97,356		97,356
Management and general	1,104,006		1,104,006	981,480		981,480
Fundraising	36,914		36,914	9,685		9,685
Total Expenses	27,705,978		27,705,978	26,667,805		26,667,805
Change in Net Assets	190,470	(60,614)	129,856	(86,752)	139,082	52,330
Net Assets - beginning of year	1,640,548	139,082	1,779,630	1,727,300	-	1,727,300
Net Assets - end of year	\$ 1,831,018	\$ 78,468	\$ 1,909,486	\$ 1,640,548	\$ 139,082	\$ 1,779,630

THE WASHINGTON STATE CHILD CARE RESOURCE & REFERRAL NETWORK  
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STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED JUNE 30, 2021 AND 2020

	2021					2020				
	Program Services	Advocacy	Management and General	Fundraising	Total	Program Services	Advocacy	Management and General	Fundraising	Total
Salaries	\$ 1,202,362	\$ 52,725	\$ 507,668	\$ 20,450	\$ 1,783,205	\$ 1,065,839	\$ 44,134	\$ 470,105	\$ 7,596	\$ 1,587,674
Payroll taxes and benefits	294,455	10,151	185,826	3,254	493,686	255,043	7,711	144,910	1,570	409,234
	<u>1,496,817</u>	<u>62,876</u>	<u>693,494</u>	<u>23,704</u>	<u>2,276,891</u>	<u>1,320,882</u>	<u>51,845</u>	<u>615,015</u>	<u>9,166</u>	<u>1,996,908</u>
Contract services	22,118,516	-	-	-	22,118,516	21,594,673	-	-	-	21,594,673
Scholarships	1,426,242	-	-	-	1,426,242	1,578,259	-	-	-	1,578,259
Curriculum and training	600,423	1,500	10,950	-	612,873	203,828	1,500	5,026	-	210,354
Training and technology services	296,829	17,472	137,522	-	451,823	213,978	-	31,316	-	245,294
Professional fees	121,004	2,533	113,038	12,000	248,575	137,962	10,699	192,515	-	341,176
Evaluation services	185,323	-	3,853	-	189,176	115,291	-	-	-	115,291
Occupancy	90,222	3,831	69,944	710	164,707	102,372	6,072	61,116	497	170,057
Incentives and recognition	54,681	-	2,672	-	57,353	26,503	106	586	-	27,195
Communications	32,714	1,123	12,409	-	46,246	38,314	670	5,337	-	44,321
Travel and meetings	32,415	-	819	-	33,234	231,203	2,805	5,635	10	239,653
Depreciation	-	-	22,132	-	22,132	-	-	24,421	-	24,421
Office supplies	7,851	113	13,446	500	21,910	5,036	2,750	18,896	-	26,682
Printing and publications	10,849	726	6,593	-	18,168	10,054	609	5,461	-	16,124
Insurance	-	-	11,562	-	11,562	-	-	9,776	-	9,776
Other expenses	850	148	5,572	-	6,570	929	20,300	6,380	12	27,621
Total Expenses	<u>\$ 26,474,736</u>	<u>\$ 90,322</u>	<u>\$ 1,104,006</u>	<u>\$ 36,914</u>	<u>\$ 27,705,978</u>	<u>\$ 25,579,284</u>	<u>\$ 97,356</u>	<u>\$ 981,480</u>	<u>\$ 9,685</u>	<u>\$ 26,667,805</u>

THE WASHINGTON STATE CHILD CARE RESOURCE & REFERRAL NETWORK  
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STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<b>Cash Flows from Operating Activities</b>		
Cash received from:		
Government agencies	\$26,274,118	\$24,261,840
Donors and foundations	377,083	564,102
Interest	1,829	1,415
Other revenue	29,707	23,948
Cash paid for:		
Subrecipients	(22,118,516)	(21,594,673)
Personnel	(2,316,316)	(1,855,553)
Services and supplies	<u>(2,391,311)</u>	<u>(1,172,382)</u>
Net Cash (Used) Provided by Operating Activities	(143,406)	228,697
<b>Cash Flows Used by Investing Activities</b>		
Purchases of property and equipment	<u>(34,978)</u>	<u>(10,149)</u>
Changes in Cash and Cash Equivalents	(178,384)	218,548
Cash and Cash Equivalents - beginning of year	<u>1,324,511</u>	<u>1,105,963</u>
Cash and Cash Equivalents - end of year	<u>\$ 1,146,127</u>	<u>\$ 1,324,511</u>



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

YEARS ENDED JUNE 30, 2021 AND 2020

**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 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.

Child Care Aware of Washington 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 12,684 families in 2021. 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, 2021 AND 2020

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>2021</u>	<u>2020</u>
COVID-19 Emergency Supplies to Providers	\$ -	\$ 79,200
Statewide Coaching	78,468	-
Strengthening Early Learning Math Competencies	-	59,882
	<u>\$ 78,468</u>	<u>\$ 139,082</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.

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.

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.

THE WASHINGTON STATE CHILD CARE RESOURCE REFERRAL NETWORK  
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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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, 2021 and 2020, 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.

THE WASHINGTON STATE CHILD CARE RESOURCE REFERRAL NETWORK  
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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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. As of June 30, 2021, there were no conditional promises to give for which funds have been received in advance of meeting the conditions.

A substantial portion of support is derived from grants and contracts 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, 2021 and 2020, 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, 2021 and 2020 primarily include salaries, subcontractor fees, rent and insurance, among other costs.

THE WASHINGTON STATE CHILD CARE RESOURCE REFERRAL NETWORK  
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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

**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, 2021 and 2020 totaled \$7,856,340 and \$7,194,196, 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, 2021 and 2020, CCA of WA received 96% and 99% of its support and revenue from one funding source, respectively. As of June 30, 2021 and 2020, 100% and 98% of CCA of WA's total outstanding contract revenue receivable balance was from the same funding source, respectively.

**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.

THE WASHINGTON STATE CHILD CARE RESOURCE REFERRAL NETWORK  
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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

NOTE D - RETIREMENT PLAN 403(b) (Continued)

In 2021, CCA of WA contributed a total of \$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, 2021 and 2020 was \$82,682 and \$85,003, respectively.

NOTE E - LEASE COMMITMENTS

Effective August 1, 2017, CCA of WA entered into a non-cancelable operating lease for office space that expires in July 2023. The lease addendum contains escalating rents which will be amortized on a straight-line basis over the lease term. In addition, CCA of WA is responsible for additional rent that includes their proportionate share of the lessor's operating expenses.

Obligations under non-cancelable operating leases for future years ending June 30 are as follows:

2022	\$ 157,611
2023	162,326
2024	<u>13,560</u>
	<u>\$ 333,497</u>

NOTE F - RISKS AND UNCERTAINTIES

On March 11, 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic which continues to spread throughout the United States. On March 23, 2020 the Governor of Washington declared a health emergency and issued an order to close all nonessential businesses until further notice. Management is continually evaluating the financial impact of the COVID-19 pandemic and monitor carefully the effect on CCA of WA's financial position, change in net assets, and cash flows in the future. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

NOTE G - PAYCHECK PROTECTION PROGRAM

In July 2020, CCA of WA applied for and received a Paycheck Protection Program (PPP) loan in the amount of \$351,600 from Banner Bank. The loan was funded on July 24, 2020 and had an initial maturity date of July 24, 2022. PPP loans have a forgiveness option for employers who maintain their staffing levels and salaries at pre-COVID-19 pandemic levels. Expenses eligible to trigger forgiveness include employee wages, benefits, rent, and utilities. CCA of WA met the criteria for partial forgiveness totaling \$265,647, and the forgiven amount has been recognized as a contribution and the remaining balance was paid off during the year ending June 30, 2021.

THE WASHINGTON STATE CHILD CARE RESOURCE REFERRAL NETWORK  
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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

NOTE H - SUBSEQUENT EVENTS

Management has evaluated events occurring subsequent to June 30, 2021 through November 16, 2021, 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, 2021, 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, 2021

Federal Grantor <i>Pass-through Grantor</i> "Program Title"	Contract Number	CFDA Number	Passed Through to Suprecipients	Federal Expenditures
<b>US Department of Health and Human Services</b>				
<i>Washington State Department of Early Learning</i>				
"Child Care and Development Block Grant" - 477 Cluster	1801WACCDF ; 1901WACCDF ; 2003WACCDD ; 2103WACCDD	93.575*	\$ 14,645,850	\$ 16,320,257
"Every Student Succeeds Act/Preschool Development Grants"	90TP001801 ; 90TP0069-02	93.434*	<u>672,061</u>	<u>889,831</u>
Total US Department of Health and Human Services			<u>\$ 15,317,911</u>	<u>\$ 17,210,088</u>
<b>US Department of the Treasury</b>				
<i>Washington State Department of Children, Youth, and Families</i>				
"Coronavirus Relief Fund"	OFM	21.019	<u>-</u>	<u>500,000</u>
Total US Department of the Treasury			<u>\$ -</u>	<u>\$ 500,000</u>
<b>Total Federal Awards</b>			<u><b>\$ 15,317,911</b></u>	<u><b>\$ 17,710,088</b></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*

November 16, 2021

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, 2021, 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 16, 2021.

**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 may exist that have not been identified.

### **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*

Jacobson Jarvis & Co, PLLC

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

November 16, 2021

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, 2021. 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.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of Child Care Aware of Washington's major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Child Care Aware of Washington's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Child Care Aware of Washington's compliance.

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

In our opinion, Washington State Child Care Resource & Referral Network dba 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, 2021.

### **Report on Internal Control Over Compliance**

Management of Child Care Aware of Washington is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Child Care Aware of Washington's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Child Care Aware of Washington's 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2021

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 program for Child Care Aware of Washington expresses an unmodified opinion.
6. Audit findings relative to the major federal award program for Child Care Aware of Washington are reported in Part C of this Schedule.
7. The programs tested as major were:  
CFDA No. 93.575, "Child Care and Development Block Grant"  
CFDA No. 93.434, "Every Student Succeeds Act/Preschool Development Grants"
8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. Child Care Aware of Washington was not determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

None.

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

None.

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

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2021

FINANCIAL STATEMENT AUDIT

**2020-001 Segregation of Duties over Electronic Fund Transfers (formerly 2019-002)**

Criteria: Management is responsible for the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements. This includes maintaining adequate segregation of duties over electronic fund transfers.

Condition: There is a lack of segregation of duties over electronic fund transfers in that the Director of Finance and Operations has the ability to initiate and transmit electronic fund transfers without oversight.

Context: This finding was noted through internal controls testing over cash disbursements whereby we noted a lack of adequate controls over electronic funds transfers.

Status: CCA of WA implemented a secondary checkpoint in its processes regarding EFT transactions by making this part of the bank reconciliation process. The CEO receives all bank statements from the agency (monthly) and back up reports from MIP reflecting all EFT transactions that have been processed during the bank statement period. The CEO checks that all EFT transactions included in the bank statement match with the corresponding MIP report reflecting the individuals and amounts paid. The CEO approves and initials each bank statement containing EFT transactions.

Given the pandemic, CCA of WA made further changes to ensure we met this requirement. Prior to the scheduled Team meeting, the Director of Finance and Operations sends copies of all bills that are to be paid in the bank transmission. The secondary approver, as processing occurs, matches the billings she has received with the bank processing seen through screen sharing. Once matched and the EFT is transmitted the secondary approver initials, dates her oversight of the process, and maintains a file of these documents, which are returned to the finance office.