

**CHILD CARE RESOURCE AND
REFERRAL, INC.
DBA FAMILIES FIRST OF
MINNESOTA**

**FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITORS' REPORT**

DECEMBER 31, 2024 AND 2023

**CHILD CARE RESOURCE AND REFERRAL, INC.
DBA FAMILIES FIRST OF MINNESOTA**

TABLE OF CONTENTS

DECEMBER 31, 2024 AND 2023

Page

2-4 Independent Auditors' Report

FINANCIAL STATEMENTS

5 Statements of Financial Position

6 Statements of Activities

7-8 Statements of Functional Expenses

9-10 Statements of Cash Flows

11-17 Notes to Financial Statements

SUPPLEMENTARY INFORMATION

18 Schedule of Expenditures of Federal Awards

19 Notes to the Schedule of Expenditures of Federal Awards

REPORTS ON COMPLIANCE AND INTERNAL CONTROL

20-21 Independent Auditors' Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

22-24 Independent Auditors' Report on Compliance for Each Major Federal Program and on
Internal Control over Compliance in Accordance with the Uniform Guidance

25-26 Schedule of Findings and Questioned Costs



INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Child Care Resource and Referral, Inc.
DBA Families First of Minnesota
Rochester, Minnesota

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Child Care Resource and Referral, Inc., DBA Families First of Minnesota (the "Organization") (nonprofit organization) which comprise the statements of financial position as of December 31, 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 accompanying financial statements present fairly, in all material respects, the financial position of Child Care Resource and Referral, Inc. as of December 31, 2024 and 2023, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Child Care Resource and Referral, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 Child Care Resource and Referral, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards* we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Child Care Resource and Referral, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Child Care Resource and Referral, Inc.'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 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 APPROVAL DATE on our consideration of Child Care Resource and Referral, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Child Care Resource and Referral, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Child Care Resource and Referral, Inc.'s internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Hawkins Ash CPAs, LLP". The signature is written in a cursive, flowing style.

Rochester, Minnesota
August 21, 2025

**CHILD CARE RESOURCE AND REFERRAL, INC.
DBA FAMILIES FIRST OF MINNESOTA**

FINANCIAL STATEMENTS

CHILD CARE RESOURCE AND REFERRAL, INC.
DBA FAMILIES FIRST OF MINNESOTA
STATEMENTS OF FINANCIAL POSITION

	DECEMBER 31,	
	2024	2023
<u>ASSETS</u>		
Cash and cash equivalents	\$ 1,485,161	\$ 1,570,418
Restricted cash	82,010	-
Grants and accounts receivable	1,850,228	1,463,891
Prepaid expenses	405,574	480,108
Investments	4,291,463	4,358,409
Operating lease right-of-use asset	430,568	600,092
Finance lease right-of-use asset	108,581	3,884
Property, plant, and equipment, net	549,455	707,934
TOTAL ASSETS	\$ 9,203,040	\$ 9,184,736
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES		
Accounts payable	\$ 150,157	\$ 128,011
Accrued expenses	583,049	547,411
Refundable advances	94,675	95,123
Finance lease liability	109,385	2,805
Operating lease liability	438,520	601,294
TOTAL LIABILITIES	1,375,786	1,374,644
NET ASSETS		
Without donor restrictions		
Undesignated	2,904,326	2,743,749
Net investment in property, plant, and equipment	549,455	707,934
Net investment in The Place	4,291,463	4,358,409
With donor restrictions	82,010	-
TOTAL NET ASSETS	7,827,254	7,810,092
TOTAL LIABILITIES AND NET ASSETS	\$ 9,203,040	\$ 9,184,736

The accompanying notes are an integral part of these statements.

CHILD CARE RESOURCE AND REFERRAL, INC.
DBA FAMILIES FIRST OF MINNESOTA
STATEMENTS OF ACTIVITIES

	YEAR ENDED DECEMBER 31,	
	2024	2023
<u>NET ASSETS WITHOUT DONOR RESTRICTIONS</u>		
REVENUE, GRANTS, AND OTHER SUPPORT		
Federal grants	\$ 10,624,994	\$ 10,455,804
State grants	11,997,235	11,413,283
County grants	357,473	353,263
Private grants	115,294	161,936
Community education grants	194,688	186,097
United Way grants	105,000	112,500
Donations	16,118	25,611
In-kind revenue	74,420	139,974
Other income	98,593	82,250
Gain (loss) on asset disposition	(19,257)	-
Interest income	1,187	2,991
Gain (loss) on investment	(66,946)	(95,650)
TOTAL REVENUE, GRANTS, AND OTHER SUPPORT WITHOUT DONOR RESTRICTIONS	<u>23,498,799</u>	<u>22,838,059</u>
EXPENSES		
Program activities	22,141,497	21,366,872
Management and general	1,420,031	1,382,636
Fundraising	2,119	2,210
TOTAL EXPENSES	<u>23,563,647</u>	<u>22,751,718</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>(64,848)</u>	<u>86,341</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS AT BEGINNING OF YEAR	<u>7,810,092</u>	<u>7,723,751</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS AT END OF YEAR	<u>\$ 7,745,244</u>	<u>\$ 7,810,092</u>
<u>NET ASSETS WITH DONOR RESTRICTIONS</u>		
NET ASSETS WITH DONOR RESTRICTIONS AT BEGINNING OF YEAR	\$ -	\$ -
REVENUE AND OTHER SUPPORT		
Insurance proceeds	<u>82,010</u>	<u>-</u>
NET ASSETS WITH DONOR RESTRICTIONS AT END OF YEAR	<u>\$ 82,010</u>	<u>\$ -</u>

The accompanying notes are an integral part of these statements.

CHILD CARE RESOURCE AND REFERRAL, INC.
DBA FAMILIES FIRST OF MINNESOTA
STATEMENTS OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2024

	PROGRAM ACTIVITIES					SUPPORTING ACTIVITIES			
	CRISIS NURSERY	SCHOOL READINESS	HEAD START	CHILD CARE AWARE	EARLY LEARNING SCHOLARSHIPS	PROGRAM SUBTOTAL	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
Salaries/consultants	\$ 140,963	\$ 108,497	\$ 5,717,958	\$ 1,359,683	\$ 537,178	\$ 7,864,279	\$ 1,126,656	\$ 774	\$ 8,991,709
Fringe benefits	28,472	23,743	1,409,500	254,150	103,893	1,819,758	175,212	98	1,995,067
Total salaries and related expenses	169,435	132,240	7,127,458	1,613,833	641,071	9,684,037	1,301,868	872	10,986,776
Professional services	464	384	24,391	4,849	2,121	32,209	2,296	-	34,505
Supplies	1,854	4,175	135,164	20,648	20,922	182,763	27,065	-	209,828
Communications	1,380	1,420	52,811	13,189	12,291	81,091	5,353	63	86,507
Occupancy	3,127	4,493	796,114	52,055	32,899	888,688	49,345	-	938,033
Equipment acquisition/repair	5,092	4,775	187,600	44,950	34,944	277,361	6,247	1,184	284,792
Printing and publications	424	604	7,486	9,837	8,093	26,444	962	-	27,406
Staff development	2,092	3,888	24,079	35,074	1,721	66,854	9,648	-	76,502
Direct	135,203	185,619	959,327	639,180	8,871,267	10,790,596	4,313	-	10,794,909
Travel	735	273	58,403	33,252	2,100	94,763	4,393	-	99,156
Other	128	71	11,565	4,150	777	16,691	8,542	-	25,233
Total expenses before administrative allocation	319,934	337,942	9,384,398	2,471,017	9,628,206	22,141,497	1,420,031	2,119	23,563,647
Administrative allocation	18,003	16,410	1,012,302	209,314	166,121	1,422,150	(1,420,031)	(2,119)	-
TOTAL EXPENSES	\$ 337,937	\$ 354,352	\$ 10,396,700	\$ 2,680,331	\$ 9,794,327	\$ 23,563,647	\$ -	\$ -	\$ 23,563,647

The accompanying notes are an integral part of these statements.

CHILD CARE RESOURCE AND REFERRAL, INC.
DBA FAMILIES FIRST OF MINNESOTA
STATEMENTS OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2023

	PROGRAM ACTIVITIES					SUPPORTING ACTIVITIES			
	CRISIS NURSERY	SCHOOL READINESS	HEAD START	CHILD CARE AWARE	EARLY LEARNING SCHOLARSHIPS	PROGRAM SUBTOTAL	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
Salaries/consultants	\$ 142,193	\$ 88,932	\$ 5,550,122	\$ 1,072,181	\$ 412,472	\$ 7,265,900	\$ 966,452	\$ 927	\$ 8,233,279
Fringe benefits	32,345	19,810	1,270,543	200,781	80,366	1,603,845	195,652	270	1,799,767
Total salaries and related expenses	174,538	108,742	6,820,665	1,272,962	492,838	8,869,745	1,162,104	1,197	10,033,046
Professional services	584	394	28,535	3,750	1,408	34,671	5,106	-	39,777
Supplies	2,475	5,084	191,264	48,661	13,396	260,880	2,982	-	263,862
Communications	1,755	2,267	57,109	15,005	11,117	87,253	5,051	-	92,304
Occupancy	5,072	4,873	666,574	45,042	13,498	735,059	27,297	65	762,421
Equipment acquisition/repair	5,419	2,960	9,586	30,370	17,611	65,946	169,298	948	236,192
Printing and publications	463	798	24,855	15,954	3,233	45,303	1,125	-	46,428
Staff development	921	774	21,987	11,745	1,557	36,984	4,046	-	41,030
Direct	151,194	106,656	939,437	711,525	9,081,157	10,989,969	1,061	-	10,991,030
Travel	398	143	62,017	20,361	646	83,565	1,291	-	84,856
Other	118	76	154,735	2,079	489	157,497	3,275	-	160,772
Total expenses before administrative allocation	342,937	232,767	8,976,765	2,177,454	9,636,950	21,366,872	1,382,636	2,210	22,751,718
Administrative allocation	21,848	19,757	1,044,305	161,825	137,111	1,384,846	(1,382,636)	(2,210)	-
TOTAL EXPENSES	\$ 364,785	\$ 252,524	\$ 10,021,069	\$ 2,339,279	\$ 9,774,061	\$ 22,751,718	\$ -	\$ -	\$ 22,751,718

The accompanying notes are an integral part of these statements.

CHILD CARE RESOURCE AND REFERRAL, INC.
DBA FAMILIES FIRST OF MINNESOTA
STATEMENTS OF CASH FLOWS

	YEAR ENDED DECEMBER 31,	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from:		
Federal grants	\$ 10,189,749	\$ 10,642,353
State grants	12,023,384	11,234,628
Community grants and support	794,765	829,242
Donations	16,118	25,611
Interest and dividend income	1,187	2,991
Insurance proceeds, net	96,785	-
Other income	98,593	82,250
Cash paid to vendors	(14,232,028)	(12,645,279)
Cash paid to employees	(8,956,071)	(10,045,735)
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	32,482	126,060
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(23,857)	(211,696)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on finance lease liabilities	(11,872)	(5,570)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(3,247)	(91,206)
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT BEGINNING OF YEAR	1,570,418	1,661,624
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT END OF YEAR	\$ 1,567,171	\$ 1,570,418

(Continued on page 10)

The accompanying notes are an integral part of these statements.

CHILD CARE RESOURCE AND REFERRAL, INC.
DBA FAMILIES FIRST OF MINNESOTA
STATEMENTS OF CASH FLOWS - Continued

	YEAR ENDED DECEMBER 31,	
	2024	2023
<u>RECONCILIATION OF CHANGES IN NET ASSETS TO CASH FLOWS FROM</u>		
<u>OPERATING ACTIVITIES</u>		
Change in net assets	\$ 17,162	\$ 86,341
Adjustments to reconcile changes in net assets to net cash (used in) provided by operating activities		
Depreciation and amortization	162,059	143,295
Loss (gain) on asset disposition	34,032	-
Change in equity investments	66,946	95,650
Change in assets (increase) decrease		
Grants and accounts receivable	(386,337)	27,719
Prepaid expenses	74,534	(52,191)
Operating lease right-of-use asset	169,524	(377,447)
Change in liabilities increase (decrease)		
Accounts payable	22,146	(112,348)
Involuntary conversion liability	-	(46,541)
Accrued expenses	35,638	(12,689)
Refundable advance	(448)	(4,378)
Operating lease liability	(162,774)	378,649
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	\$ 32,482	\$ 126,060
<u>RECONCILIATION OF CASH, CASH EQUIVALENTS, AND RESTRICTED CASH</u>		
<u>PER STATEMENT OF CASHFLOWS TO THE STATEMENT OF FINANCIAL POSITION</u>		
Cash and cash equivalents	\$ 1,485,161	\$ 1,570,418
Restricted cash	82,010	-
TOTAL CASH, CASH EQUIVALENTS, AND RESTRICTED CASH SHOWN IN THE STATEMENT OF CASH FLOWS	\$ 1,567,171	\$ 1,570,418
<u>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</u>		
Right-of-use asset acquired under finance lease	\$ 118,452	\$ -

The accompanying notes are an integral part of these statements.

CHILD CARE RESOURCE AND REFERRAL, INC.
DBA FAMILIES FIRST OF MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 1 - Nature of Organization and Significant Accounting Policies

Nature of Organization - Child Care Resource and Referral, Inc., DBA Families First of Minnesota (the "Organization") is a nonprofit corporation organized under the laws of the State of Minnesota for the purpose of administering child development programs, day care projects and referral programs in the State of Minnesota. The Organization's primary sources of revenue include federal grants, state grants, county contributions, local grants, and individual contributions.

Basis of Accounting - The financial statements of the Organization has been prepared on the accrual basis of accounting and, accordingly, reflect all receivables, payables and other liabilities.

Basis of Presentation - The accompanying financial statements are prepared in accordance with the accounting principles generally accepted in the United States of America (U.S. GAAP) as codified by the Financial Accounting Standards Board.

The Organization is required to report information regarding their net assets and their activities 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 restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor 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. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and Cash Equivalents - The Organization's cash and cash equivalents consist of cash on deposit with banks. For purposes of the statements of cash flows, the Organization considers all unrestricted, highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Grants Receivable - The Organization receives government grants that are on a reimbursement basis. Grants receivable include claims made on the grant for the current year spending. Management believes the balance in grants receivable is fully collectible as of December 31, 2024 and 2023.

Accounts Receivable - Receivables are stated at the amount management expects to collect from outstanding balances. Management estimates expected credit losses using a model that incorporates historical loss experience, current conditions, and reasonable forecasts of future economic factors. If the financial condition of the Organization's customers were to deteriorate, adversely affecting their ability to make payments, additional allowances would be required. Based on management's assessment, the Organization provides for estimated uncollectible amounts through a charge to earnings and a credit to a valuation allowance. Balances that remain outstanding after the Organization has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Management believes all receivables are collectible; accordingly, no allowance has been recorded.

Investments - The Organization carries an investment in a not-for-profit organization 1026 East Center Street, known as "The Place," at its net book value in the statements of financial position.

CHILD CARE RESOURCE AND REFERRAL, INC.
DBA FAMILIES FIRST OF MINNESOTA
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2024 AND 2023

NOTE 1 - Nature of Organization and Significant Accounting Policies - Continued

Property and Equipment - All acquisitions of property and equipment in excess of \$5,000 with useful lives greater than one year are capitalized. Purchased property and equipment are carried at cost. Donated property and equipment are carried at the approximate fair value at the date of donation. Depreciation is computed on the straight-line method based on estimated useful lives ranging from five to thirty-five years.

<u>Asset</u>	<u>Life</u>
Equipment	5 - 10 years
Vehicles	3 - 5 years
Buildings and improvements	20 - 35 years

Valuation of Long-lived Assets - U.S. GAAP requires that long-lived assets and certain identifiable intangible assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Management reviews all material assets annually for possible impairment. If such assets are considered to be impaired, the impairment recognized is measured as the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. No assets are considered to be impaired at December 31, 2024 and 2023.

Restricted Cash - Certain donor-restricted assets that meet the definition of cash and cash equivalents that have donor-imposed restrictions limiting their use to long-term purposes are classified as restricted cash in the statements of financial position.

Refundable Advances - Payments received during the year for future services are deferred and recognized as income when the performance obligations are met.

Contribution Recognition - Contributions are recognized when received or unconditionally pledged. Conditional contributions and promises to give, are recognized as revenue when the barriers to entitlement are overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets is removed. Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor restrictions.

Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire 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.

Grant Recognition - Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award:

Grant awards that are contributions - Grants awards that are contributions are evaluated for conditions and recognized as revenue when conditions in the award are satisfied. Unconditional awards are recognized as revenue when the award is received. Amounts received in which conditions have not been met are reported as a refundable advance liability.

CHILD CARE RESOURCE AND REFERRAL, INC.
DBA FAMILIES FIRST OF MINNESOTA
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2024 AND 2023

NOTE 1 - Nature of Organization and Significant Accounting Policies - Continued

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

In-Kind Contributions - The Organization records the value of donated goods and rent when there is an objective basis to measure the value.

Donated services are recognized as contributions if the services a) create or enhance nonfinancial assets or b) require specialized skills that are performed by people with those skills and would otherwise be purchased by the Organization.

A substantial number of volunteers have made significant contributions of their time to the Organization's programs and supporting services. The value of this contributed time is not reflected in these financial statements because the criteria for recognition have not been satisfied.

Functional Allocation of Expenses - The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program services and supporting activities benefited. Those expenses include occupancy and depreciation, which are allocated on a square footage basis, as well as salaries/consultants, fringe benefits, professional services and certain office expenses, which are allocated based on estimates of time and usage as determined by a time and cost study.

Advertising Costs - Advertising costs are expensed as incurred and totaled \$997 and \$-0- for the years ended December 31, 2024 and 2023, respectively.

Use of Estimates - Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could differ from those estimates.

Tax Status - The Organization is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code (IRC). However, income from certain activities not directly related to the Organization's tax-exempt purposes are subject to taxation as unrelated business income. In addition, the Organization qualifies for charitable contribution deductions and has been classified as an organization other than a private foundation under 509(a). The Organization is also exempt from State taxation.

Accounting for Uncertainty in Income Taxes - U.S. GAAP requires management to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by a taxing authority. Management has analyzed the tax positions taken by the Organization and has concluded that as of December 31, 2024 and 2023, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions, however, there are currently no audits in progress for any tax period. The Organization will recognize future accrued interest and penalties related to unrecognized tax benefits in income tax expense if incurred.

CHILD CARE RESOURCE AND REFERRAL, INC.
DBA FAMILIES FIRST OF MINNESOTA
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2024 AND 2023

NOTE 1 - Nature of Organization and Significant Accounting Policies - Continued

Subsequent Events - The Organization evaluated subsequent events through August 21, 2025, the date which the financial statements were available to be issued.

NOTE 2 - Concentration of Cash and Credit Risk

The Organization may have deposits with a financial institution at times during the year that exceed the Federal Deposit Insurance Corporation (FDIC) insurance threshold of \$250,000. The Organization's deposits at December 31, 2024 and 2023 did not exceed the FDIC insurance threshold. The Organization does not require collateral or other security to support deposits subject to this credit risk.

NOTE 3 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	<u>DECEMBER 31,</u>	
	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 1,485,161	\$ 1,570,418
Grants and accounts receivable	<u>1,850,228</u>	<u>1,463,891</u>
TOTAL FINANCIAL ASSETS AVAILABLE TO MANAGEMENT FOR GENERAL EXPENDITURE WITHIN ONE YEAR	<u>\$ 3,417,399</u>	<u>\$ 3,034,309</u>

Liquidity Management

The Organization maintains a policy of structuring its financial assets to be available as their general expenditures, liabilities, and other obligations come due.

NOTE 4 - Investments

The Organization owns 50 percent of the not-for-profit partnership interest in 1026 East Center Street LLC (the Partnership). The investment is accounted for by the equity method and carried on the books at its net book value, since estimated fair market values are not readily available.

Summarized activity is as follows:

	<u>DECEMBER 31,</u>	
	<u>2024</u>	<u>2023</u>
Assets	\$ 9,991,076	\$ 10,167,875
Liabilities	1,240,570	1,283,475
Net assets	8,750,506	8,884,400
Income	570,424	504,406
Expenses	<u>704,318</u>	<u>695,706</u>
NET (LOSS)	<u>\$ (133,894)</u>	<u>\$ (191,300)</u>

CHILD CARE RESOURCE AND REFERRAL, INC.
DBA FAMILIES FIRST OF MINNESOTA
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2024 AND 2023

NOTE 4 - Investments - Continued

Ownership details:

	DECEMBER 31,	
	2024	2023
Child Care Resource and Referral, Inc.		
Member equity	\$ 47,285	\$ 47,285
Undesignated – 50 percent	4,244,178	4,311,125
TOTAL MEMBER OWNERSHIP	<u>4,291,463</u>	<u>4,358,409</u>
Other Local Nonprofit		
Member equity	214,866	214,866
Undesignated – 50 percent	4,244,177	4,311,125
TOTAL MEMBER OWNERSHIP	<u>4,459,043</u>	<u>4,525,991</u>
PARTNERSHIP NET ASSETS	<u>\$ 8,750,506</u>	<u>\$ 8,884,400</u>

NOTE 5 - Property and Equipment

A summary of property and equipment is as follows:

	DECEMBER 31,	
	2024	2023
Land	\$ 97,500	\$ 97,500
Buildings and improvements	850,993	850,993
Equipment	223,394	199,492
Vehicles	<u>857,471</u>	<u>939,256</u>
	2,029,357	2,087,241
Less: Accumulated depreciation	<u>1,479,902</u>	<u>1,379,307</u>
NET PROPERTY AND EQUIPMENT	<u>\$ 549,455</u>	<u>\$ 707,934</u>

A portion of the land, building, and equipment was acquired through federal funds provided by federal, state, and local sources and cannot be disposed of without prior approval from the grantor or until certain time restrictions have lapsed.

NOTE 6 - Leases

The Organization leases certain facilities and equipment for various terms under long-term, non-cancelable operating lease and finance lease agreements. The leases expire at various dates through 2029 and provide for renewal options ranging from five years to six years. The Organization included in the determination of the right-of-use assets and lease liabilities any renewal options when the options are reasonably certain to be exercised. The leases provide for increases in future minimum annual rental payments based on a defined schedule or index. Also, the agreements generally require the Organization to pay insurance and repairs.

The weighted-average discount rate is based on the discount rate implicit in the lease, or if the implicit rate is not readily determinable from the lease, then the Organization elected the option to use the risk-free rate determined using a period comparable to the lease terms as the discount rate.

The Organization has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on straight-line basis.

CHILD CARE RESOURCE AND REFERRAL, INC.
DBA FAMILIES FIRST OF MINNESOTA
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2024 AND 2023

NOTE 6 - Leases - Continued

Total lease expense is as follows for the years ended December 31:

	<u>2024</u>	<u>2023</u>
Finance lease expense		
Amortization of right-of-use asset	\$ 13,755	\$ 5,820
Interest on lease liabilities	1,747	49
Operating lease expense	191,512	149,082
Short-term lease expense	357,036	329,802
TOTAL	<u>\$ 564,049</u>	<u>\$ 484,753</u>

Other lease information is as follows for the years ended December 31:

	<u>2024</u>	<u>2023</u>
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from finance leases	\$ 1,747	\$ 49
Finance cash flows from finance leases	11,873	5,570
Operating cash flows from operating leases	184,452	140,180
Right-of-use assets obtained in exchange for new lease liabilities		
Operating lease liabilities	\$ 118,452	\$ 513,500
Weighted-average remaining lease term in years		
Finance leases	4.58	0.67
Operating leases	4.83	5.07
Weighted-average discount rate		
Finance leases	3.65%	0.70%
Operating leases	4.61%	4.11%

The future minimum lease payments under finance and operating leases are as follows as of December 31, 2024:

	<u>Finance</u>	<u>Operating</u>
2025	\$ 25,954	\$ 95,648
2026	25,954	98,518
2027	25,954	101,472
2028	25,954	104,512
2029	15,139	89,260
Total minimum lease payments	118,955	489,410
Less amounts representing interest	(9,570)	(50,890)
TOTAL LEASE LIABILITIES	<u>\$ 109,385</u>	<u>\$ 438,520</u>

NOTE 7 - Net Assets

Net assets with donor restrictions are restricted for the following purposes or periods at December 31:

	<u>2024</u>	<u>2023</u>
Subject to expenditure for specified purpose:		
Head Start bus	<u>\$ 82,010</u>	<u>\$ -</u>

CHILD CARE RESOURCE AND REFERRAL, INC.
DBA FAMILIES FIRST OF MINNESOTA
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2024 AND 2023

NOTE 8 - Support from Governmental Units

The Organization received approximately 98 and 97 percent of its support and revenue from federal, state, and local governments for the years ended December 31, 2024 and 2023, respectively. Receivables from governmental units at December 31, 2024 and 2023 were approximately \$1,779,779 and \$1,385,627, respectively. A material change in this level of support would likely result in a corresponding change in the level of program activity of the Organization.

NOTE 9 - Defined Contribution Pension Plan

The Organization sponsors a defined contribution pension plan covering substantially all employees that have been employed with the Organization for at least one year, are at least 18 years of age, and complete 1,000 hours of service annually. The plan allows employees to defer a portion of their salary. The Organization may make a matching contribution up to 2 percent of employee deferrals. During 2024 and 2023, employer contributions were \$363,851 and \$336,753, respectively.

NOTE 10 - Related Party Transactions

During the years ended December 31, 2024 and 2023, the Organization made operating lease payments of \$258,816 and \$237,672, respectively, to 1026 East Center Street LLC. The Organization charged 1026 East Center Street LLC for certain facilities management and accounting services. The Organization received \$33,150 and \$12,996 for these services during the years ended December 31, 2024 and 2023, respectively. The Organization has a significant influence over 1026 East Center Street LLC as a 50 percent owner and accounts for the investment under the equity method.

NOTE 11 - In-Kind Contributions

The value of donated rent included as in-kind contributions in the financial statements and the corresponding expenses or assets are as follows for the years ended December 31:

	2024	2023
Facility rent	<u>\$ 74,420</u>	<u>\$ 139,974</u>

The Organization entered into lease agreements for program and office space for which the rental payments stated in the agreement are less than the amount that would be charged for similar space that is rented under similar terms. The Organization obtained an appraisal of the leased space and recorded the difference between the agreed rate and the appraised rate as contributed rent. The contributed rent received by the Organization is recorded as in-kind contribution revenue with a corresponding increase to rent expense in the accompanying statements of activities.

The contributed rent was utilized by the Organization's programs and supporting services. There were no donor-imposed restrictions associated with the donated services and assets.

NOTE 12 - Subsequent Events

In 2025, the Organization entered into a one-year support agreement for the Organization's computer maintenance needs totaling \$182,652.

**CHILD CARE RESOURCE AND REFERRAL, INC.
DBA FAMILIES FIRST OF MINNESOTA**

SUPPLEMENTARY INFORMATION

CHILD CARE RESOURCE AND REFERRAL, INC.
DBA FAMILIES FIRST OF MINNESOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2024

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR PROGRAM OR CLUSTER TITLE	ASSISTANCE LISTING NUMBER	PASS-THROUGH GRANT IDENTIFICATION NUMBER	FEDERAL EXPENDITURES
<u>U.S. Department of Agriculture</u>			
Passed through Minnesota Department of Human Services Child and adult food care program	10.558		\$ 294,518
<u>U.S. Department of Health and Human Services</u>			
Direct			
Head Start	93.600	05CH0112502/03	4,084,816
Head Start T&TA	93.600	05CH0112502/03	38,789
Early Head Start	93.600	05CH0112502/03	2,009,343
Early Head Start T&TA	93.600	05CH0112502/03	36,513
Early Head Start CC Partnership	93.600	05HP00041602/03	1,341,998
Early Head Start CC Partnership T&TA	93.600	05HP00041602/03	26,899
Total Head Start			<u>7,538,357</u>
CCDF Cluster Passed through Minnesota Department of Human Services			
Child Care and Development Block Grant	93.575		2,550,802
Child Care and Development Block Grant – Family, Friend & Neighbor	93.575	208866	<u>241,316</u>
Total Child Care and Development Block Grant			<u>2,792,119</u>
Total U.S. Department of Health and Human Services			<u>10,330,476</u>
TOTAL FEDERAL AWARDS EXPENDED			<u>\$ 10,624,994</u>

The accompanying notes are an integral part of this schedule.

CHILD CARE RESOURCE AND REFERRAL, INC.
DBA FAMILIES FIRST OF MINNESOTA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2024

NOTE 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Child Care Resource and Referral, Inc. under the programs of the federal government for the year ended December 31, 2024. 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 Child Care Resource and Referral, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Child Care Resource and Referral, Inc.

NOTE 2 - Summary of Significant Accounting Policies

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

NOTE 3 - Indirect Cost Rate

Child Care Resource and Referral, Inc. has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 4 - Subrecipient

Child Care Resource and Referral, Inc. provided no federal awards to subrecipients during the year ending December 31, 2024.

NOTE 5 - Disclosure of Other Forms of Assistance

Child Care Resource and Referral, Inc. received no federal or state awards of non-monetary assistance that are required to be disclosed for the year ended December 31, 2024. Child Care Resource and Referral, Inc. had no federal or state loans or loan guarantors required to be disclosed for the year ended December 31, 2024.

NOTE 6 - Property and Equipment

Property and equipment acquired with grant funds are recorded as expenditures in the period of purchase on this schedule instead of being capitalized and depreciated over their estimated useful lives as required by generally accepted accounting principles.

**CHILD CARE RESOURCE AND REFERRAL, INC.
DBA FAMILIES FIRST OF MINNESOTA**

**REPORTS ON COMPLIANCE AND INTERNAL
CONTROL**



**INDEPENDENT AUDITORS' REPORT ON
INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors of
Child Care Resource and Referral, Inc.
DBA Families First of Minnesota
Rochester, Minnesota

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 Child Care Resource and Referral, Inc. (the "Organization") (a nonprofit organization) which comprise the statement of financial position as of December 31, 2024, 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 APPROVAL DATE.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Organization'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 the Organization's financial statements are free of 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 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.

A handwritten signature in black ink that reads "Dawkins Ash CPAs, LLP". The signature is written in a cursive, flowing style.

Rochester, Minnesota
August 21, 2025



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

To the Board of Directors of
Child Care Resource and Referral, Inc.
DBA Families First of Minnesota
Rochester, Minnesota

Report on Compliance for Each Major Federal Program

Opinion for Each Major Federal Program

We have audited Child Care Resource and Referral, Inc. (the "Organization")'s compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Child Care Resource and Referral, Inc.'s major federal programs for the year ended December 31, 2024. Child Care Resource and Referral, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Child Care Resource and Referral, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 Resource and Referral, Inc. 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 Resource and Referral, Inc.'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 Resource and Referral, Inc.'s federal programs.

Auditors' Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *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 Resource and Referral, Inc.'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 Resource and Referral, Inc.'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 Resource and Referral, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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 "Dawkins Ash CPAs, LLC". The signature is written in a cursive, flowing style.

Rochester, Minnesota
August 21, 2025

CHILD CARE RESOURCE AND REFERRAL, INC.
DBA FAMILIES FIRST OF MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2024

Section I - Summary of Auditors' Results

Financial statements

Type of auditors' report issued:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None reported

Noncompliance material to financial statements noted?

_____ Yes X No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ Yes X None reported

Type of auditors' report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?

_____ Yes X No

Identification of federal major program:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
--------------------	--------------------------------

93.600

Head Start

Dollar threshold used to distinguish between Type A and Type B federal programs:

\$750,000

Auditee qualified as low-risk auditee?

 X Yes _____ No

Section II - Financial Statement Findings - None

Section III - Federal Award Findings and Questioned Costs - None

Section IV - Prior Year Findings - None

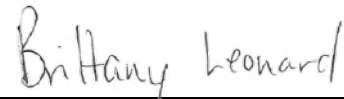
CHILD CARE RESOURCE AND REFERRAL, INC.
DBA FAMILIES FIRST OF MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - Continued
YEAR ENDED DECEMBER 31, 2024

Section V - Other Issues

1. Does the auditor's report or the notes to the financial statements include disclosure with regard to substantial doubt as to the auditee's ability to continue as a going concern? No

2. Was a Management Letter or other document conveying audit comments issued as a result of this audit? No

3. Name and signature of partner



Brittany Leonard, CPA
Partner

4. Date of report

August 21, 2025