

**THE LEARNING CENTER FOR FAMILIES,  
DBA ROOT FOR KIDS**

**FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2025**

**The Learning Center for Families, dba Root for Kids**

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Certified Public Accountants

90 E 200 N

St. George, UT 84770

www.HBEG.com

### **Independent Auditor's Report**

Executive Director and Members of the Board  
The Learning Center for Families, dba Root for Kids  
St. George, Utah

#### ***Opinion***

We have audited the financial statements of The Learning Center for Families, dba Root for Kids (a non-profit organization), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Learning Center for Families, dba Root for Kids as of June 30, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Learning Center for Families, dba Root for Kids and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Learning Center for Families, dba Root for Kids' ability to continue as a going concern for one year after the date that the financial statements are issued or when applicable, one year after the date that the financial statements are available to be issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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, 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 The Learning Center for Families, dba Root for Kids' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Learning Center for Families, dba Root for Kids' ability to continue as a going concern for a reasonable period of time.

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

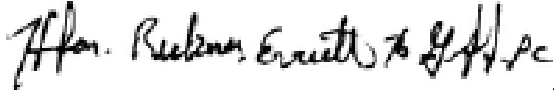
### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is also 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 December 9, 2025 on our consideration of The Learning Center for Families, dba Root for Kids' 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 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 The Learning Center for Families, dba Root for Kids' internal control over financial reporting and compliance.

  
**HAFEN, BUCKNER, EVERETT & GRAFF, PC**  
St. George, Utah  
December 9, 2025

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**THE LEARNING CENTER FOR FAMILIES, DBA ROOT FOR KIDS**  
**Statement of Financial Position**  
**As of June 30, 2025**

**Assets**

Current Assets:

Cash and cash equivalents	\$ 664,601
Restricted cash and cash equivalents	156,843
Grants receivable	422,031
Sales tax receivable	3,220
Deposit on vehicle	118,325
Total current assets	<u>1,365,020</u>

Property and equipment:

Furniture and Equipment	328,623
Vehicles	277,591
Leasehold improvements	324,927
Accumulated depreciation	(735,542)
Total property and equipment	<u>195,599</u>

Other assets

Operating lease right of use assets	<u>705,261</u>
Total other assets	<u>705,261</u>

**Total assets**

\$ 2,265,880

**Liabilities and net assets**

Current Liabilities:

Accounts payable	\$ 50,037
Accrued liabilities	211,901
Current Portion of operating lease liabilities	126,761
Total current liabilities	<u>388,699</u>

Noncurrent liabilities:

Operating lease liabilities, net of current portion	<u>578,501</u>
Total noncurrent liabilities	<u>578,501</u>
Total liabilities	<u>967,199</u>

**Net assets**

Without Donor Restrictions	1,141,838
With Donor Restrictions	156,843
Total net assets	<u>1,298,681</u>

**Total liabilities and Net assets**

\$ 2,265,880

The accompanying notes are an integral part of the financial statements.

**THE LEARNING CENTER FOR FAMILIES, DBA ROOT FOR KIDS**  
**Statement of Activities**  
**For the Ended June 30, 2025**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Revenues, gains, and other support:</b>			
Grants and contracts	\$ 4,541,059	\$ -	\$ 4,541,059
Contributions of cash and other financial assets	212,681	401,208	613,889
Contributions of nonfinancial assets	354,556	-	354,556
Third party reimbursements	58,198	-	58,198
Interest income	857	-	857
Net assets released from restrictions:	353,365	(353,365)	-
Total revenues, gains, and other support	<u>5,520,716</u>	<u>47,843</u>	<u>5,568,559</u>
 <b>Expenses and Losses:</b>			
Program services			
Program A - Early Intervention / Early Head Start	4,844,144	-	4,844,144
Support services:			
Management and general	450,142	-	450,142
Fundraising	152,666	-	152,666
Total expenses	<u>5,446,952</u>	<u>-</u>	<u>5,446,952</u>
 <b>Change in net assets</b>	 73,764	 47,843	 121,607
 Net assets at beginning of year	 <u>1,068,074</u>	 <u>109,000</u>	 <u>1,177,074</u>
 <b>Net assets at end of year</b>	 <u><u>\$ 1,141,838</u></u>	 <u><u>\$ 156,843</u></u>	 <u><u>\$ 1,298,681</u></u>

The accompanying notes are an integral part of the financial statements.

**THE LEARNING CENTER FOR FAMILIES, DBA ROOT FOR KIDS**  
**Statement of Functional Expenses**  
**For the Year Ended June 30, 2025**

Expense Category	Program A Early Intervention Early Head Start Other	Management & General	Fundraising	Total Expenses
Parent services	\$ 6,980	\$ 485	\$ -	\$ 7,465
Child find	713	2,866	-	3,580
Contract labor	230,392	13,769	-	244,160
Depreciation	69,470	-	-	69,470
In - service and education	23,410	-	676	24,086
Insurance	51,274	2,278	1,548	55,100
Janitorial and repairs	25,664	4,303	1,376	31,343
Membership dues	27,070	2,625	751	30,446
Office supplies	1,096	15,060	3,467	19,623
Payroll taxes and benefits	910,453	43,320	25,253	979,026
Postage	1,618	-	157	1,774
Other Expenses	1,133	-	2,866	3,999
Professional fees	1,767	1,512	-	3,279
Printing	3,127	1,657	-	4,784
Program supplies	55,923	57,327	15,242	128,492
Rent	372,533	125,536	4,080	502,149
Salaries and wages	2,841,400	171,254	91,947	3,104,601
Telephone and utilities	131,640	4,151	4,588	140,378
Travel	88,481	3,999	716	93,196
Total Functional Expenses	<u>\$ 4,844,144</u>	<u>\$ 450,142</u>	<u>\$ 152,666</u>	<u>\$ 5,446,952</u>

The accompanying notes are an integral part of the financial statements.

**THE LEARNING CENTER FOR FAMILIES, DBA ROOT FOR KIDS**  
**Statement of Cash Flows**  
**For the Ended June 30, 2025**

**Operating activities**

Cash received from grants and contracts	\$ 4,486,414
Cash received from contributions	613,889
Cash received from third party reimbursements	58,198
Interest received	857
Cash paid for program expenses	(4,502,678)
Cash paid for management and general expenses	(358,484)
Cash paid for fundraising activities	(152,666)
Net cash provided by operating activities	<u>145,530</u>

**Cash flows from investing activities:**

Purchase of fixed assets (net)	<u>(28,792)</u>
Net cash used by investing activities	<u>(28,792)</u>

**Financing activities:**

Repayment of lease liability	<u>(122,859)</u>
Net cash flows from financing activities	<u>(122,859)</u>

**Net increase/(decrease) in cash**

	(6,121)
Cash and cash equivalents, beginning of year	827,565
<b>Cash and cash equivalents, end of year</b>	<u><u>\$ 821,444</u></u>

**Reconciliation of change in net assets to net cash provided by operating activities:**

Change in net assets	\$ 121,607
Adjustments needed to reconcile change in net assets to net cash provided by operating activities:	
Depreciation expense	69,470
Non-cash lease expense	122,859
Changes in operating assets and liabilities:	
(Increase)/decrease in grant receivables	(54,644)
(Increase)/decrease in sales tax receivables	231
(Increase)/decrease in deposit	(118,325)
Increase/(decrease) in Accounts Payable	(13,089)
Increase/(decrease) in Accrued Liabilities	17,421
Net cash provided by operating activities	<u><u>\$ 145,530</u></u>

The accompanying notes are an integral part of the financial statements.

**THE LEARNING CENTER FOR FAMILIES, DBA ROOT FOR KIDS**  
**Notes to the Financial Statements**  
**June 30, 2025**

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**Note 1.            Summary of Significant Accounting Policies**

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This summary of significant accounting policies of The Learning Center for Families, dba Root for Kids, (the Center) is presented to assist in understanding the Center's financial statements. The financial statements and notes are representations of the Center's management, which is responsible for their integrity and objectivity. The accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Description of Program

The Learning Center for Families, dba Root for Kids (a nonprofit organization) was organized under the laws of the State of Utah and began operations on February 9, 1994. The Center provides the following services to provide early intervention educational and therapeutic services to children and their families:

**Early Intervention-**The Center operates a multifaceted early intervention program that provides families with comprehensive individualized services. The key points to the service delivery system are;

- The provision of family focused, culturally competent services,
- Community outreach and early identification of eligible children,
- Multi-disciplinary assessment,
- Empowerment of families by providing a wide array of supportive assistance,
- Effective staff development,
- Full participation with existing associate agencies in Washington County in the actualization of a shared community vision for all families of children with special needs.

**Early Head Start-**The Center established this program for low income pregnant women and families with infants and toddlers to enhance the children's physical, social, emotional and cognitive development. The program also is designed to enable parents to be better caregivers to and teachers of their children and help parents meet their own goals, including that of economic independence.

The Center is primarily funded by grants through the State of Utah Department of Health Early Intervention program, Arizona Department of Economic Security Early Invention program, and the United States Department of Health and Human Services Early Head Start program.

Basis of Accounting

The financial statements of the Center have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Contributions

Contributions are recognized when the donor makes a promise to give to the Center that is, in substance, unconditional. Contributions that are restricted by the donor 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.

Conditional contributions, including certain grants, are recognized when the Center overcomes the donor/grantor stipulations that represents a barrier to being entitled to the assets transferred or promised. A transfer of assets that is a conditional contribution is recognized as an advance until the conditions have been substantially met or explicitly waived by the donor/grantor.

**THE LEARNING CENTER FOR FAMILIES, DBA ROOT FOR KIDS**  
**Notes to the Financial Statements**  
**June 30, 2025**

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**Note 1.        Summary of Significant Accounting Policies, Continued**

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Contributed Services

During the year ended June 30, 2025, the Center's Early Head Start program benefited from the services of volunteers. The Center recorded donation revenue of \$354,556 in the statement of activities for goods and services meeting the requirements for recognition. Additional services contributed to the Center's Early Head Start program by volunteers, valued at \$204,572, did not meet the requirements for recognition and, therefore, have not been recorded.

Estimates

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

Cost Allocation

The financial statements report certain categories of expense that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages and payroll taxes and insurance, which are allocated on the basis of estimates of time and effort. The Center uses a combination of allocation methods where some of the costs are specifically identifiable to one program and others are allocated based on a shared cost allocation method. Program classifications and/or shared cost classifications are assigned based on determination of which program(s) benefited from the expense, to either be directly charged to one program or allocated to more than one program. Alternatively, an expense might be assigned to a shared cost pool classification if more than one program benefited. All shared operating and administrative costs are allocated as a percentage based on the total direct service hour base calculations. Administrative labor hours are allocated to their respective programs and/or shared cost pools, as a percentage, according to the total direct service hour base calculations in the Payroll Spreadsheet.

Cash and Cash Equivalents

For purposes of the statement of cash flows and footnote 2, the Center considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Inventory

Office and other supplies are deemed immaterial and not recorded as inventory.

**THE LEARNING CENTER FOR FAMILIES, DBA ROOT FOR KIDS**  
**Notes to the Financial Statements**  
**June 30, 2025**

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**Note 1.      Summary of Significant Accounting Policies, Continued**

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Property and Equipment

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Center reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Center reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Property and equipment are recorded at cost if purchased. Property and equipment is defined by the Center as assets with an individual cost over \$5,000. From time to time, the Center acquires property and equipment with restricted monies. Any asset exceeding \$5,000, purchased with restricted grant monies, technically can revert back to the resource provider upon request.

Depreciation of property and equipment is provided on the straight-line method over their estimated useful lives as follows:

Vehicles	5 years
Equipment	3-10 years
Furniture & Fixtures	5-10 years
Leasehold Improvements	3-39 years

Maintenance, repairs and renewals, which neither materially add to the value of the property nor appreciably prolong its life, are charged to expense as incurred. Major renewals and betterments are capitalized. Gains or losses on dispositions of property and equipment are included in revenue in the year of disposition.

Income Taxes

The Center is an exempt organization for federal income tax purposes under Section 501(c)(3) of the Internal Revenue Code and is not considered a private foundation. In accordance with tax statute, the Center's tax returns remain subject to examination for all tax years ended on or after June 30, 2023 with regard to all tax positions and the result reported.

New Accounting Pronouncement

During the year, the Center implemented Governmental Accounting Standards Board (GASB) No. 101, Compensated Absences. This standard requires the recognition of a liability for leave that is attributable to past service, accumulates, and is likely to be used or paid out. See footnote 6.

**THE LEARNING CENTER FOR FAMILIES, DBA ROOT FOR KIDS**  
**Notes to the Financial Statements**  
**June 30, 2025**

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**Note 1.           Summary of Significant Accounting Policies, Continued**

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Leases

The Center recognizes and measures its leases in accordance with FASB ASC 842, Leases. The Center determines if an arrangement is a lease, or contains a lease, at inception of a contract and when the terms of an existing contract are changed. The Center recognizes a lease liability and a right of use (ROU) asset at the commencement date of the lease. The lease liability is initially and subsequently recognized based on the present value of its future lease payments. The discount rate is the implicit rate if it is readily determinable or otherwise the Company uses its incremental borrowing rate. The Center's incremental borrowing rate for a lease is the rate of interest it would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms and in a similar economic environment. The ROU asset is subsequently measured throughout the lease term at the amount of the remeasured lease liability (i.e., present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received, and any impairment recognized. Lease cost for lease payments is recognized on a straight line basis over the lease term.

Date of Management's Review

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through December 9, 2025, the date the financial statements were available to be issued.

**THE LEARNING CENTER FOR FAMILIES, DBA ROOT FOR KIDS**  
**Notes to the Financial Statements**  
**June 30, 2025**

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**Note 2.            Liquidity and Availability of Financial Assets**

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The following reflects the Center's financial assets available within one year of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date. Most amounts with contractual or donor restrictions are deemed available for general expenditures even though the resources must be used in a particular manner. The Center is substantially supported by restricted grants and contributions that relate to the primary and ongoing activities of the Center, and the Center expects to use the majority of the restricted resources in the normal course of operations within one year of the financial statement date.

Cash and cash equivalents	\$ 821,444
Receivables	425,251
Subtotal	<u>1,246,695</u>
Less those unavailable for general expenditures within one year, due to:	
Contractual or donor-imposed restrictions: Restricted by donor with purpose restrictions	<u>(156,843)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,208,177</u>

The Center has set aside a cash reserve (no formal board designation; part of cash and cash equivalents and included above), which is expected to meet the cash needs on an annual basis and is expected to continue to grow. The reserve is meant for emergencies and is not needed for general operating expenditures.

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**Note 3.            Restrictions on Net Assets**

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As of June 30, 2025 net assets with donor restrictions consist of the following:

	<u>2025</u>
Hurst Wood Donation for Mobile Medical RV	\$ 6,843
Hurst Wood Education Foundation - Kindermusik	100,000
Hurst Wood Education Foundation - BW SLP/OT	50,000
Total net assets with donor restrictions	<u>\$ 156,843</u>

**THE LEARNING CENTER FOR FAMILIES, DBA ROOT FOR KIDS**

**Notes to the Financial Statements**

**June 30, 2025**

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**Note 4. Cash and Investments**

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At year end the carrying amount of the Center's deposits were \$821,444 and the bank balance was \$956,442. The entire bank balance was fully covered by federal deposit insurance.

The Center's deposits at year end are shown as follows:

	<u>Carrying Amount</u>
Cash on hand	\$ 1,100
Cash in bank	<u>820,344</u>
Total	<u>\$ 821,444</u>

Cash and investments are reported in the statement of financial position and statement of cash flows as follows:

Cash and cash equivalents	\$ 664,601
Restricted cash and cash equivalents	<u>156,843</u>
Total cash, cash equivalents, and restricted cash shown in the statement of cash flow	<u>\$ 821,444</u>

Restricted cash is cash held that must be used according to the grant agreements and donor imposed restrictions.

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**Note 5. Grants Receivable**

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Grants receivable for services provided is \$422,031 net of allowance for doubtful accounts of \$0.

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**Note 6. Compensated Absences**

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During the year, the Center implemented Governmental Accounting Standards Board (GASB) No. 101, Compensated Absences. This standard requires the recognition of a liability for leave that is attributable to past service, accumulates, and is likely to be used or paid out.

Accumulated unpaid vacation, sick pay and other employee benefit amounts are reported as a liability on the statement of financial position. The accumulated unpaid vacation pay at year end amounted to \$63,340.

**THE LEARNING CENTER FOR FAMILIES, DBA ROOT FOR KIDS****Notes to the Financial Statements****June 30, 2025****Note 7. Property and Equipment**

The following table summarizes the changes to property and equipment during the year ended June 30, 2025. Depreciation expense for the year ended June 30, 2025 is \$69,470.

	Balance 6/30/2024	Additions	Disposals	Adjustments	Balance 6/30/2025
Office Equipment	46,895	-	-	-	46,895
Furniture, Fixtures, & Improvements	92,321	7,294	-	-	99,615
Leasehold Improvements	303,429	21,498	-	-	324,927
Program Equipment	182,114	-	-	-	182,114
Vehicles	277,591	-	-	-	277,591
Total	902,350	28,792	-	-	931,141
Less Accumulated Depreciation	(666,072)	(69,470)	-	-	(735,542)
	<u>236,278</u>	<u>(40,679)</u>	<u>-</u>	<u>-</u>	<u>195,599</u>

**Note 8. Operating Leases**

In June 2021, the Center entered into a 10 year lease agreement with Friends of TLC to use the building and property located in St. George, Utah for \$10,000 per month. The weighted-average discount rate is based on the discount rate implicit in the lease. If the implicit rate is not readily determinable from the lease, we estimate an applicable incremental borrowing rate. The incremental borrowing rate is estimated using the Center's applicable borrowing rate of 6.5% at the date of transition, and the contractual lease term.

In June 2022, the Center entered into a 5 year lease agreement with Otnip Investments LLC for use of floor space located in LaVerkin, Utah for \$2,100 per month for the first 12 months. The lease agreement states that rent expense will increase by 5% annually. The weighted-average discount rate is based on the discount rate implicit in the lease. If the implicit rate is not readily determinable from the lease, we estimate an applicable incremental borrowing rate. The incremental borrowing rate is estimated using the Center's applicable borrowing rate of 6.5% at the date of transition, and the contractual lease term.

In January 2021, the Center entered into a 5 year lease agreement with Navajo Trust Fund of the State of Utah for use of an office space located in Blanding, Utah for \$905 per month. The weighted-average discount rate is based on the discount rate implicit in the lease. If the implicit rate is not readily determinable from the lease, we estimate an applicable incremental borrowing rate. The incremental borrowing rate is estimated using the Center's applicable borrowing rate of 6.5% at the date of transition, and the contractual lease term.

**THE LEARNING CENTER FOR FAMILIES, DBA ROOT FOR KIDS**  
**Notes to the Financial Statements**  
**June 30, 2025**

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**Note 8.            Operating Leases, Continued**

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In July 2020, the Center entered into a 10 year lease agreement with Colorado City Unified School District No. 14 for use of a building and property located in Colorado City, Arizona for \$1,000 per month. The weighted-average discount rate is based on the discount rate implicit in the lease. If the implicit rate is not readily determinable from the lease, we estimate an applicable incremental borrowing rate. The incremental borrowing rate is estimated using the Center's applicable borrowing rate of 6.5% at the date of transition, and the contractual lease term.

During 2025, the Center recognized rent expense associated with the leases as follows:

Operating lease cost	\$        170,759
Net lease cost	<u>\$        170,759</u>
Lease cost - rent	<u>\$        170,759</u>
Net lease cost	<u>\$        170,759</u>

During the year ended June 30, 2025, The Learning Center for Families, dba Root for Kids had the following cash and non-cash activities associated with leases:

Cash paid for amounts included in the measurement of lease Operating cash flows from operating leases	\$    170,759
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Future minimum lease payments required under the lease are as follows:

Remaining Lease Payments	Operating Lease
2026	166,725
2027	160,078
2028	132,000
2029	132,000
2030	132,000
Thereafter	110,000
Total	<u>832,803</u>
Less effects of discounting	<u>(127,542)</u>
Lease liability recognized	<u>\$    705,261</u>

**THE LEARNING CENTER FOR FAMILIES, DBA ROOT FOR KIDS**  
**Notes to the Financial Statements**  
**June 30, 2025**

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**Note 8.            Operating Leases, Continued**

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As of June 30, 2025, the weighted-average remaining lease term is 5.50 years and the weighted-average discount rate is 6.5%.

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 a straight-line basis.

Rent expense under these short-term leases and rentals totaled \$7,020 for the year ended June 30, 2025.

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**Note 9.            Donated Goods and Services**

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Donated food and other goods and services for the fiscal years ended June 30, 2025, included in the financial statements, were as follows:

	2025
Space donated	\$ 326,978
Supplies (diapers, craft supplies, toys, books)	22,814
Consulting services	209
Volunteer miles	4,555
	<u>\$ 354,556</u>

Consulting services include the following main categories: mental health services to EHS families, Microsoft Azure service, etc. In-kind goods are reported as contributions at their estimated fair value on the date of receipt and reported as expense when utilized. In-kind goods are valued based upon estimates of fair market or wholesale values that would be received for selling the goods in their principal market considering their condition and utility for use at the time the goods are contributed by the donor. Contributed services are valued and are reported at the estimated fair value in the financial statements based on current market rates for similar consulting and other services. The Center did not monetize any contributed nonfinancial assets. Donated goods and services are not sold and goods are only distributed for program use.

**THE LEARNING CENTER FOR FAMILIES, DBA ROOT FOR KIDS**  
**Notes to the Financial Statements**  
**June 30, 2025**

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**Note 10.          Retirement Plan**

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The Center maintains a 403(b) Retirement Savings Plan. The plan contains provisions for 50 percent matching contributions of up to 10 percent deferral of eligible employees' annual wage. The plan covers employees of the Center having reached the age of 21 and having worked at least one year during which the employee was compensated for at least 1,000 hours. Contributions are made based on regular payroll compensation for each eligible employee and employees are fully vested in the plan three years after their hire date. For the year ended June 30, 2025, employer contributions were \$60,239.

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**Note 11.          Risk Management**

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The Center is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Center maintains insurance for auto liability, employee dishonesty and general liability through various insurance policies purchased through Markel Insurance. Worker's Compensation is carried through the State Worker's Compensation Fund.

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**Note 12.          Rounding Convention**

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A rounding convention to the nearest whole dollar has been applied throughout this report; therefore, the precision displayed in any monetary amount is plus or minus \$1.

## **FEDERAL AND STATE REPORTS**

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Certified Public Accountants

90 E 200 N

St. George, UT 84770

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

Executive Director and Members of the Board  
The Learning Center for Families, dba Root for Kids  
St. George, Utah

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 The Learning Center for Families, dba Root for Kids (a nonprofit organization), which comprise the statement of financial position as of June 30, 2025, 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 December 9, 2025.

**Internal Control Over Financial Reporting**

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

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

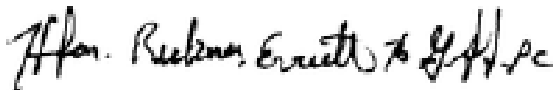
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether The Learning Center for Families, dba Root for Kids' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

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



**HAFEN, BUCKNER, EVERETT & GRAFF, PC**

St. George, Utah

December 9, 2025

**THE LEARNING CENTER FOR FAMILIES, DBA ROOT FOR KIDS**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2025**

<i><b>Federal Grantor/Program or Cluster Title</b></i>	<i><b>Federal ALN Number</b></i>	<i><b>Pass-through Grantor and Number</b></i>	<i><b>Pass-through No.</b></i>	<i><b>Federal Expenditures(\$)</b></i>
<b>Head Start Cluster-Cluster</b>				
Department of Health and Human Services				
Head Start				
Head Start	93.600	Direct Utah	N/A	1,814,753
Head Start	93.600	Community		334,597
Total Head Start		Action		2,149,350
Total Department of Health and Human Services				2,149,350
<b>Total Head Start Cluster-Cluster</b>				2,149,350
<b>Other Programs</b>				
Department of Education				
Special Education-Grants for Infants and Families				
Special Education-Grants for Infants and Families	84.181	Utah Department of	DBWEI24	348,557
Total Special Education-Grants for Infants and Families		Health		348,557
Total Department of Education				348,557
Department of Health and Human Services				
Temporary Assistance for Needy Families (TANF) State Programs				
Temporary Assistance for Needy Families (TANF) State Programs	93.558	Utah Department of	24DWS0487/ 24DWS0193	532,869
Total Temporary Assistance for Needy Families (TANF) State Programs		Workforce Services		532,869
Social Services Block Grant				
Social Services Block Grant	93.667	Five County Association	N/A	7,000
Total Social Services Block Grant		of Governments		7,000
Total Department of Health and Human Services				539,869
<b>Total Other Programs</b>				888,426
<b>Total Expenditures of Federal Awards</b>				\$ 3,037,776

**THE LEARNING CENTER FOR FAMILIES, DBA ROOT FOR KIDS**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2025**

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**Reporting Entity:**

The accompanying schedule of expenditures of federal awards presents the activity or expenditure of all federal awards programs of The Learning Center for Families, dba Root for Kids (the Center) for the year ended June 30, 2025. The Center's reporting entity is defined in Note 1 of the basic financial statements. All expenditure of federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included in the schedule.

**Basis of Accounting:**

This accompanying schedule of expenditures of federal awards has been prepared 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 (Uniform Guidance).

**Indirect Cost Rate:**

The Center did not elect to use the 10% de minimis indirect cost rate for fiscal year 2025.

**Federal Loans and Loan Guarantee Programs Outstanding:**

The Center did not have any federal loans outstanding at June 30, 2025.

**Subrecipients:**

The Center did not have any subrecipients in fiscal year 2025.

Certified Public Accountants

90 E 200 N

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**Independent Auditor's Report on Compliance  
for Each Major Program and on Internal Control Over Compliance  
Required by the Uniform Guidance**

Executive Director and Members of the Board  
The Learning Center for Families, dba Root for Kids  
St. George, Utah

**Report on Compliance for Each Major Federal Program**

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

We have audited The Learning Center for Families, dba Root for Kids' (the Center) 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 Center's major federal programs for the year ended June 30, 2025. The Center'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, the Center 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 June 30, 2025.

***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; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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

***Responsibilities of Management for Compliance***

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

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Center'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 that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Center'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 the Center's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Center's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control over compliance. Accordingly, no such opinion is expressed.

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

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

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

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

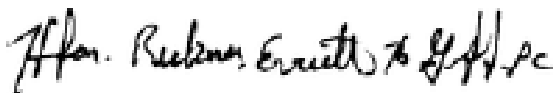
Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

**Purpose of this Report**

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.

**Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of The Learning Center for Families, dba Root for Kids for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Association's basic financial statements. We issued our report thereon dated December 9, 2025, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



**HAFEN, BUCKNER, EVERETT & GRAFF, PC**  
St. George, Utah  
December 9, 2025

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**THE LEARNING CENTER FOR FAMILIES, DBA ROOT FOR KIDS**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2025**

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**Section I – Summary of Auditor’s Results**

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Financial Statements

Type of auditors’ report issued:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? ☐ yes ☒ none reported

Noncompliance material to financial statements noted?

☐ yes ☒ no

Federal Awards

Internal Control over major programs:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? ☐ yes ☒ no

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 ☒ no

Identification of major programs.

Assistance Listing Number(s)

Name of Federal Program or Cluster

93.600

Early Head Start

Dollar threshold used to distinguish between type  
A and type B programs:

\$ 750,000

Auditee qualified as low-risk auditee? ☐ yes

☒ no

**THE LEARNING CENTER FOR FAMILIES, DBA ROOT FOR KIDS**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2025**

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**Section II – Financial Statement Findings**

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We noted no material weaknesses, significant deficiencies, or instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

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**Section III – Federal Award Findings and Questioned Costs**

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We noted no material weaknesses, significant deficiencies, or instances of noncompliance related to the federal awards that are required to be reported in accordance with *Government Auditing Standards*.

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**Section IV – Prior Year Audit Finding**

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**Finding Number:** 2024-001

**Description:** Late submission of single audit reporting package to federal audit clearinghouse.

**Status:** Corrected. The FY2024 Audit was submitted prior to the deadline of March 30, 2025.