EARLY LEARNING COALITION OF NORTH FLORIDA, INC.

Financial Statements

Year Ended June 30, 2021

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Early Learning Coalition of North Florida, Inc.
St. Augustine, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Early Learning Coalition of North Florida, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities and changes in net deficit, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Early Learning Coalition of North Florida, Inc. as of June 30, 2021, and the changes in its net deficit and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, State of Florida Chapter 10.650, *Rules of the Auditor General,* and special audit guidance provided by the Division of Early Learning, 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 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 March 9, 2022, on our consideration of Early Learning Coalition of North Florida, 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 Early Learning Coalition of North Florida, 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 Early Learning Coalition of North Florida, Inc.'s internal control over financial reporting and compliance.

Moss, Krusick & Associates, LLC

Winter Park, Florida
March 9, 2022

Early Learning Coalition of North Florida, Inc.

STATEMENT OF FINANCIAL POSITION

June 30, 2021

ASSETS

Cash and cash equivalents	$ 1,848,705
Prepaid expenses	15,381
Total assets	$ 1,864,086

LIABILITIES AND NET DEFICIT

Liabilities	
Accounts payable	$ 67,096
Accrued expenses	36,029
Due to related parties	1,943,929
Total liabilities	2,047,054
Net deficit	
Without donor restrictions	(182,968)
Total liabilities and net deficit	$ 1,864,086

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

Early Learning Coalition of North Florida, Inc.

STATEMENT OF ACTIVITIES AND CHANGES IN NET DEFICIT

Year ended June 30, 2021

REVENUES	
Government grants:	
School Readiness	$ 27,434,917
Voluntary Pre-Kindergarten	12,573,735
Local government match	149,666
Local grants	25,635
Total revenues	40,183,953
EXPENSES	
Program services:	
School Readiness	18,517,335
Voluntary Pre-Kindergarten	12,561,358
CARES	8,695,112
Other	18,676
Total program services	39,792,481
Supporting services:	
Management and general	387,681
Total expenses	40,180,162
Change in net assets	3,791
Net deficit, beginning of year	(186,759)
Net deficit, end of year	$ (182,968)

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

Early Learning Coalition of North Florida, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

Year ended June 30, 2021

	Functional Category					
	School Readiness	Voluntary Pre-Kindergarten	CARES	Other	Management and General	Total
Pass-through payments to sub-recipients	$ 17,849,150	$ 12,561,358	$ 8,695,112	$ -	$ -	$ 39,105,620
Salaries and benefits	375,003	-	-	-	305,457	680,460
Match	149,666	-	-	-	-	149,666
Travel and conferences	4,681	-	-	305	2,430	7,416
Quality Program Expense	60,035	-	-	8,941	-	68,976
Professional fees	18,183	-	-	1,625	40,711	60,519
Rent expense	32,367	-	-	-	15,415	47,782
Office expenses	20,047	-	-	6,913	18,317	45,277
Membership subscriptions	5,718	-	-	-	5,161	10,879
Postage and printing	2,485	-	-	892	190	3,567
Total expenses	$ 18,517,335	$ 12,561,358	$ 8,695,112	$ 18,676	$ 387,681	$ 40,180,162

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

Early Learning Coalition of North Florida, Inc.

STATEMENT OF CASH FLOWS

Year ended June 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	$ 3,791
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Change in:	
Accounts receivable	3,474,310
Prepaid expenses	(1,647)
Accounts payable	46,325
Accrued expenses	5,171
Due to related parties	(3,425,136)
Net cash provided by operating activities	102,814
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,745,891
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 1,848,705

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

NOTE A - ORGANIZATION, NATURE OF OPERATIONS, AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Organization and nature of operations

Early Learning Coalition of Putnam and St. Johns Counties, Inc. (the "Coalition") was incorporated on October 6, 2000 as a not-for-profit corporation. The Coalition was formed to operate for the advancement of charity and education particularly by implementing a comprehensive program of school readiness services for Florida's at-risk birth-to-kindergarten population.

On July 1, 2005, the Coalition merged with St. Johns County School Readiness Coalition, Inc., and changed its name to Early Learning Coalition of Putnam and St. Johns Counties, Inc.

On July 1, 2013, the Coalition merged with the Early Learning Coalition of Clay, Nassau, Baker and Bradford Counties, Inc., and changed its name to Early Learning Coalition of North Florida, Inc. The Coalition provides funding for child care programs in Putnam, St. Johns, Nassau, Baker, Bradford and Clay Counties, Florida.

2. Basis of accounting and financial statement presentation

The accompanying financial statements and accompanying schedules have been prepared on the accrual basis of accounting. The Coalition reports information regarding its financial position and activities according to two classes of net assets as follows:

Net Assets Without Donor Restrictions

Net assets without donor restrictions are available for use at the discretion of the Board of Directors (the "Board") and/or management for general operating purposes. From time to time the Board designates a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion.

Net Assets With Donor Restrictions

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed restrictions, time and/or purpose restrictions.

The Coalition reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the statement of activities as net assets released from restrictions.

Some net assets with donor restrictions may include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the Coalition to expend the income generated by the assets in accordance with the provisions of additional donor imposed stipulations or a Board approved spending policy.

NOTE A - ORGANIZATION, NATURE OF OPERATIONS, AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3. Revenue recognition

In May 2014, the Financial Accounting Standards board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (ASC 606), which prescribes a single, common revenue standard to replace most existing revenue recognition guidance, including most industry-specific requirements. The standard outlines a five-step model whereby revenue is recognized as performance obligations within a contract are satisfied.

In June 2018, the FASB issued ASU No. 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASC 958), which clarifies how transactions should be accounted for as contributions (nonreciprocal transactions) or exchange transactions and whether a contribution is conditional.

The Coalition adopted ASC 606 and ASC 958 and all related amendments effective July 1, 2019. The adoption of the new standards had no significant impact on the Coalition's financial statements.

Revenue from government grants is recorded when earned, which is generally when the allowable costs of the specific grant provisions have been incurred or the performance of services rendered. Such revenue is subject to audit by the grantor and, if the examination results in a deficiency of allowable expenses, the Coalition will be required to refund any deficiencies. Management is of the opinion that all monies recognized as revenue have been earned as of June 30, 2021. These amounts are reflected as revenue without donor restrictions if received and expended in the same year.

Revenue from program fees are recognized when the earnings process is substantially complete and goods have been delivered or services performed. Revenues from program fees are recognized in the year to which they relate. As part of the Voluntary Pre-Kindergarten grants, the Coalition receives advances on revenue which are to be repaid to the state.

4. Use of estimates

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

NOTE A - ORGANIZATION, NATURE OF OPERATIONS, SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5. Cost allocation

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities. Salaries and other expenses which are associated with a specific program are charged directly to that program. Salaries and other program support service expenses which benefit more than one program are allocated to the various programs based on the relative benefit provided.

6. Cash and cash equivalents

For purposes of the statement of cash flows, the Coalition considers all unrestricted, highly liquid investments with an initial maturity of three months or less to be cash equivalents. Financial instruments, which potentially expose the Coalition to concentrations of credit risk, consist principally of cash bank deposits. The Coalition's policy is to place its cash investments with high quality financial institutions insured by the Federal Deposit Insurance Corporation, which provides coverage on balances up to $250,000 per depositor per institution. At June 30, 2021, the Coalition had $1,597,656, in excess of the federally insured limit. The Coalition has never experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on cash and cash equivalents.

7. Income taxes

The Coalition is a not-for-profit corporation and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. As such, its normal activities do not result in any income tax liability.

Management has analyzed the Coalition's various federal and state filing positions and believes that its income tax filing positions and deductions are well documented and supported and that no accruals for tax liabilities are necessary. Therefore, no reserves for uncertain income tax positions have been recorded. The Coalition remains subject to examination by the US Internal Revenue Service for the years ended June 30, 2019 through June 30, 2021.

8. Property and equipment

Property and equipment is recorded at historical cost. Property and equipment with a cost in excess of $5,000 and a useful life of one or more years is capitalized and depreciated using the straight-line method of depreciation over the estimated useful life of 5 years.

Property acquired with governmental funds is considered to be owned by the Coalition while used in the program for which it was purchased or in future authorized programs; however, its disposition as well as the ownership of any proceeds from the sale of assets therefore is subject to applicable regulations.

NOTE A - ORGANIZATION, NATURE OF OPERATIONS, AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

9. Accounts receivable

Accounts receivable are stated at net realizable value. The Coalition considers accounts receivable to be fully collectable; therefore, no allowance for doubtful accounts is required.

10. Recent accounting pronouncements

In August 2016, the FASB issued ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities* (Topic 958). The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions", (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct internal investment expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. The new guidance was effective beginning in 2018 and the Coalition changed its presentation of net assets classes, and expanded the footnote disclosures in these financial statements as required by ASU 2016-14.

In February 2016, the FASB issued ASU 2016-02, *Leases*, that requires lessees to put most leases on their balance sheets and recognize expenses on their income statements in a manner similar to today's capital lease accounting. For lessors, the guidance modifies the classification criteria for accounting for sales-type and direct financing leases. The new guidance is effective for fiscal years beginning after December 15, 2021. Early adoption is permitted. The Coalition is evaluating the potential effects ASU 2016-02 will have on its financial statements.

11. Subsequent events

Management has evaluated the effect subsequent events would have on the financial statements through the date these financial statements were available to be issued on March 9, 2022.

NOTE B - CONCENTRATIONS

1. Economic dependency

   The Coalition is financially dependent on grant funding and operates in a heavily regulated environment. The operations of the Coalition are subject to the administrative directives, rules and regulations of federal, state, and local regulatory agencies. Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by the State of Florida. Such change may occur with little notice or inadequate funding to pay for the related cost, including the additional burden, to comply with a change.

2. Concentration of credit risk

   The activities of the Coalition are conducted in Clay, Nassau, Baker, Bradford, Putnam and St. Johns Counties, Florida and are supported by funding provided by government agencies. Expenditures incurred by the Early Learning Coalition of North Florida, Inc. and the subgrantees associated with the execution of various grants are subject to audit and possible disallowance by the grantor agency. The Coalition would be held responsible for recovery (reimbursement to the grantor agency) of disallowed amounts incurred by the subgrantee if the subgrantee were not able to do so. Management believes that if audited, any adjustment for disallowed expenses would be immaterial in amount.

NOTE C - PROPERTY AND EQUIPMENT

Property and equipment and accumulated depreciation at June 30, 2021 is summarized as follows:

Furniture and fixtures	$ 6,498
Less: accumulated depreciation	(6,498)
Property and equipment, net	$ -

NOTE D - RELATED PARTY TRANSACTIONS

Certain members of the Board are mandated in the “School Readiness Act.” Related party members include representation from Episcopal Children’s Services, a provider of school readiness and voluntary pre-kindergarten services to the Coalition, and other representatives from private and public sector industries. Total payments to these related organizations during the year ended June 30, 2021 were $39,105,620 and accounts payable to them at June 30, 2021 were $1,943,929.

NOTE E - RETIREMENT PLAN

The Coalition established a tax deferred retirement plan effective for all qualifying employees. All regular full time employees are eligible to participate in the plan. The Coalition will contribute up to a 6% match of the employee's salary. The Coalition provided matching contributions of $18,633 for retirement benefits to the plan for the year ended June 30, 2021. Employees are immediately vested in their contributions and the matching contributions.

NOTE F - LEASES AND COMMITMENTS

The Coalition has non-cancelable operating leases for the rental of office space in Palatka, St. Augustine, and Orange Park, Florida, and an office copier machine. Rent expense for the year ended June 30, 2021 totaled $43,929. The future minimum lease payments are as follows:

Years ending June 30:	
2022	$ 24,583
2023	16,350
	$ 40,993

NOTE G - FUNCTIONAL EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and benefits, professional fees, travel and conferences, rent expense, office expenses, membership subscriptions and postage and printing, which are allocated on the basis of estimates of time and effort.

NOTE H - LIQUIDITY AND AVAILABILITY OF RESOURCES

The Coalition's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

Cash and cash equivalents	$ 1,848,705
Accounts payable	67,096
Accrued expenses	36,029
Due to related parties	1,943,929
Total financial liabilities available within one year	2,047,054
Total net financial assets available within one year	$ (198,349)

As part of the Coalition's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Coalition receives the majority of its funding from federal and state grants passed through DEL which are on a reimbursable basis. Throughout the year, the Coalition receives advances and reimbursements each month to cover incurred expenses. To help manage unanticipated liquidity needs, the Coalition at times receives advances from DEL.

NOTE I - RISK AND UNCERTAINTY

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Coalition's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce.

SUPPLEMENTAL INFORMATION

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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
Early Learning Coalition of North Florida, Inc.
St. Augustine, Florida

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 Early Learning Coalition of North Florida, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities and changes in net deficit, 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 March 9, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Early Learning Coalition of North Florida, Inc.'s internal control over financial reporting (internal control) as a basis for designing 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 Early Learning Coalition of North Florida, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Coalition's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Moss, Krusick & Associates, LLC

Winter Park, Florida
March 9, 2022

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND STATE OF FLORIDA CHAPTER 10.650, *RULES OF THE AUDITOR GENERAL*

To the Board of Directors of
Early Learning Coalition of North Florida, Inc.
St. Augustine, Florida

Report on Compliance for Each Major Federal Program and State Project

We have audited Early Learning Coalition of North Florida, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement,* and the requirements described in the *Department of Financial Services'* State Projects Compliance Supplement, and special audit guidance provided by the Division of Early Learning that could have a direct and material effect on each of Early Learning Coalition of North Florida, Inc.'s major federal programs and state projects for the year ended June 30, 2021. Early Learning Coalition of North Florida, Inc.'s major federal programs and state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Early Learning Coalition of North Florida, Inc.'s major federal programs and state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), State of Florida Chapter 10.650, *Rules of the Auditor General*, and special audit guidance provided by the Division of Early Learning. Those standards, the Uniform Guidance, and State of Florida Chapter 10.650, *Rules of the Auditor General*, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about Early Learning Coalition of North Florida, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program and state project. However, our audit does not provide a legal determination of Early Learning Coalition of North Florida, Inc.'s compliance.

Opinion on Each Major Federal Program and State Project

In our opinion, Early Learning Coalition of North Florida, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state project for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of Early Learning Coalition of North Florida, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Early Learning Coalition of North Florida, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state project and to test and report on internal control over compliance in accordance with the Uniform Guidance, State of Florida Chapter 10.650, *Rules of the Auditor General*, and special audit guidance provided by the Division of Early Learning, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Early Learning Coalition of North Florida, Inc.'s internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program or state project 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 or state project 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 or state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance, and State of Florida Chapter 10.650, *Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose.

Moss, Krusick & Associates, LLC

Winter Park, Florida
March 9, 2022

Early Learning Coalition of North Florida, Inc.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

June 30, 2021

Section I - Summary of Auditors' Results

Financial Statements

1. Type of auditors' report issued:	Unmodified
2. Internal control over financial reporting:	
a. Material weakness(es) identified?	No
b. Significant deficiencies identified that are not considered to be material weaknesses?	None Reported
3. Noncompliance material to financial statements noted?	No

Federal Awards

1. Type of auditors' report issued on compliance for major programs:	Unmodified
2. Internal control over major programs:	
a. Material weakness(es) identified?	No
b. Significant deficiencies identified that are not considered to be material weaknesses?	None Reported
3. Audit findings disclosed that are required to be reported in accordance with Uniform Guidance?	No
4. Dollar threshold used to distinguish between Type A and Type B programs	$823,047
5. Auditee qualified as low-risk auditee?	Yes

Identifications of major programs:

Name of Federal Program	ALN
Temporary Assistance for Needy Families	93.558
Child Care and Development Block Grant	93.575
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596

Early Learning Coalition of North Florida, Inc.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

June 30, 2021

Section I – Summary of Auditors' Results (continued)

State Financial Assistance

1. Type of auditors' report issued on compliance for major projects:	Unmodified
2. Internal control over major projects:	
a. Material weakness(es) identified?	No
b. Significant deficiencies identified that are not considered to be material weaknesses?	None Reported
3. Audit findings disclosed that are required to be reported in accordance with the Florida Single Audit Act and Chapter 10.650, *Rules of the Auditor General*?	No
4. Dollar threshold used to distinguish between Type A and Type B projects	$750,000

Identification of major projects:

Name of State Project	CSFA Number
Voluntary Pre-Kindergarten	48.108

Section II - Enhanced Fields System (EFS Mod) monthly reconciliation

1. EFS Mod reconciled monthly	Yes
2. Processes in place to identify and correct errors during monthly reconciliations to EFS Mod	Yes
3. Coalition's financial records reconcile and agree to EFS Mod records as of program year ended June 30, 2021	Yes
4. Audit work papers documenting verification of reconciliations available to OEL staff	Yes

Section III - Financial Statement Findings

No current year findings (no corrective action plan or management letter required)

Section IV - Federal Award and State Projects Findings and Questioned Costs

None (there are no items related to Federal Awards and State financial assistance required to be reported in the management letter, therefore no management letter issued)

Section V - Status of Prior Year Audit Findings

There were no prior year audit findings.

Early Learning Coalition of North Florida, Inc.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

Year ended June 30, 2021

Grantor/Program Title	ALN CSFA	Award Number	Expenditures	Transfer to Sub-recipient
Federal Awards:				
U.S. Department of Health and Human Services				
Passed through State of Florida's Division of Early Learning for School Readiness				
Child Care and Development Block Grant	93.575	EL431	$ 10,932,880	$ 10,413,268
Child Care and Development Block Grant - CARES Act	93.575	EL431	8,137,524	8,137,524
Child Care and Development Block Grant - CARES Act	93.575	EL430	557,588	557,588
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	EL431	4,292,300	4,078,714
Total Child Care Cluster			23,920,292	23,187,094
Temporary Assistance for Needy Families	93.558	EL431	3,296,965	3,140,269
Preschool Development Grant	93.434	EL431	201,655	201,655
Social Services Block Grant	93.667	EL431	16,005	15,244
Total Expenditures of Federal Awards			$ 27,434,917	$ 26,544,262
State Financial Assistance:				
State of Florida Department of Education				
Passed through State of Florida's Division of Early Learning				
Voluntary Pre-Kindergarten Education Program	48.108	EL431	$ 12,557,117	$ 12,544,756
Voluntary Pre-Kindergarten	48.108	OA431	16,618	16,602
Total Expenditures of State Financial Assistance			$ 12,573,735	$ 12,561,358

Basis of Presentation

The accompanying schedule of expenditures of federal awards and state financial assistance is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* State of Florida Chapter 10.650, *Rules of Auditor General,* and the Florida *Department of Fiscal Service's State Projects Compliance Supplement*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Indirect Cost Rate

The Coalition has elected to not use the 10% de minimis indirect cost rate for its federal programs and state projects for the year ended June 30, 2021. The indirect cost rates used on the Coalition's federal programs and state projects are determined by the relevant federal or state agency.

See independent auditors' report.