EARLY LEARNING COALITION OF OSCEOLA COUNTY, INC.

Financial Statements and Supplemental Information

Year ended June 30, 2021

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Early Learning Coalition of Osceola County, Inc.
Kissimmee, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Early Learning Coalition of Osceola County, Inc. (the "Coalition") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities and change in net assets, 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 auditors consider 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 Osceola County, Inc. as of June 30, 2021, and the change 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.

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 February 24, 2022, on our consideration of Early Learning Coalition of Osceola County, 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 Osceola County, 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 the Coalition's internal control over financial reporting and compliance.

Moss, Krusick & Associates, LLC

Winter Park, Florida
February 24, 2022

Early Learning Coalition of Osceola County, Inc.

STATEMENT OF FINANCIAL POSITION

June 30, 2021

ASSETS

Cash and equivalents	$	1,217,287
Due from 4C		188,207
Grants receivable		3,611,775
Prepaid expenses		14,194
Property and equipment, net		2,438
Total assets	$	5,033,901

LIABILITIES AND NET ASSETS

Due to related parties	$	4,273,453
Due to DEL		509,535
Other liabilities		85,274
Deferred revenue		25,000
Total liabilities		4,893,262
Net assets:		
Without donor restrictions		140,639
Total liabilities and net assets	$	5,033,901

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

Early Learning Coalition of Osceola County, Inc.

STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS

Year Ended June 30, 2021

REVENUES AND SUPPORT	
Federal and state grants	$ 20,313,184
Local grants	545,000
Other income	20,319
Total revenues and support	20,878,503
EXPENSES	
Program services:	
School Readiness	13,568,218
Voluntary Pre-Kindergarten	5,946,767
Other	615,699
Total program services	20,130,684
Support services:	
Management and general	737,993
Total expenses	20,868,677
CHANGE IN NET ASSETS	9,826
NET ASSETS, BEGINNING OF YEAR	130,813
NET ASSETS, END OF YEAR	$ 140,639

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

Early Learning Coalition of Osceola County, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2021

	Program Services				Support Services	
	School Readiness	Voluntary Pre-Kindergarten	Other	Total	Management and General	Total
Pass-through payments to sub-recipients	$ 12,529,773	$ 5,937,065	$ 382,498	$ 18,849,336	$ 308,075	$ 19,157,411
Salaries and benefits	403,033	9,507	44,434	456,974	345,889	802,863
Program enhancement	134,412	-	142,889	277,301	-	277,301
Mini grants	234,260	-	-	234,260	-	234,260
Training and development	143,311	-	37,668	180,979	5,019	185,998
Office expenses	54,271	70	461	54,802	32,371	87,173
Professional fees	48,141	51	563	48,755	22,998	71,753
Rent expense	15,673	35	-	15,708	13,131	28,839
Other expenses	2,496	30	6,855	9,381	5,105	14,486
Repairs and maintenance	2,704	9	297	3,010	1,818	4,828
Travel	144	-	34	178	1,748	1,926
Depreciation	-	-	-	-	1,839	1,839
Total expenses	$ 13,568,218	$ 5,946,767	$ 615,699	$ 20,130,684	$ 737,993	$ 20,868,677

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

Early Learning Coalition of Osceola County, Inc.

STATEMENT OF CASH FLOWS

Year Ended June 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$	9,826
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation		1,839
(Increase) decrease in assets:		
Due from 4C		456,051
Grants receivable		(2,138,676)
Prepaid expenses		(1,744)
Increase (decrease) in liabilities:		
Due to related parties		2,730,756
Due to DEL		(815,405)
Due to 4C		(597,398)
Other liabilities		(427,907)
Net cash used in operating activities		(782,658)
NET DECREASE IN CASH AND EQUIVALENTS		(782,658)
CASH AND EQUIVALENTS AT BEGINNING OF YEAR		1,999,945
CASH AND EQUIVALENTS AT END OF YEAR	$	1,217,287

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

NOTE A – ORGANIZATION, NATURE OF ACTIVITIES, AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Organization and nature of activities

Early Learning Coalition of Osceola County, Inc. (the "Coalition"), previously known as Osceola County Coalition for School Readiness, Inc., was organized on September 6, 2000, as a Florida not-for-profit corporate 501(c)(3) entity. The Coalition was created by Florida Legislators, with the enactment of Section 411.01, Florida Statutes. The Coalition receives funding from federal and state grants through the Office of the Early Learning, Florida Department of Education and local funding sources. The Coalition's mission is to promote high quality school readiness services and after school care through community-responsive policy guidance and program outcome oversight. Led by a board of community leaders (the "Board"), the Coalition's priority is to ensure that all eligible children, birth through twelve years of age, with a strong emphasis on birth through five, in Osceola County are afforded the opportunity for developmentally appropriate learning experiences leading to enhanced academic success, as funding permits, and to support the economic self-sufficiency of low income families in need of before and after school care.

The Coalition contracts with Community Coordinated Care for Children, Inc. (4C) to assist in providing eligible children and families' access to Coalition funded services.

2. Basis of accounting and financial statement presentation

The accompanying financial statements and schedules have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. 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 and/or management for general operating purposes. From time to time, the Board may designate 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 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 ACTIVITIES, AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3. Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted 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.

4. Cash and equivalents

The Coalition considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

5. Property and equipment

Property and equipment are carried at their historical cost if purchased, or at estimated market value if acquired by gift. The Coalition capitalizes expenditures in excess of $1,000 and an estimated useful life greater than one year. Depreciation is calculated using the straight-line method over the estimated useful lives of the respective assets, which range from three to five 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 and the ownership of any proceeds are subject to applicable regulations.

6. Revenue recognition

The Coalition follows Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (ASC 606), which is based on principles that govern the recognition of revenue at an amount an entity expects to be entitled when contract performance obligations are met.

The Coalition also follows ASU 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASC 958-605), which clarifies how transactions should be accounted for as contributions (nonreciprocal transactions) or exchange transactions and whether a contribution is conditional.

Revenue from government grants are 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 without donor restricted revenue 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.

NOTE A – ORGANIZATION, NATURE OF ACTIVITIES, AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

7. Deferred revenue

   Deferred revenue represents grant revenues collected but not yet earned as of June 30, 2021. Revenues from grant proceeds are not recognized until expended.

8. Grants receivable

   Grants receivable at June 30, 2021 consisted of amounts due from a state agency and are recorded when services are provided. The Coalition's receivables as of June 30, 2021 are due in less than one year and management considers them to be fully collectible.

9. Functional allocation of expenses

   The costs of providing the various programs and supporting services have been summarized on a functional basis in the Statement of Activities and Changes in Net Assets. Accordingly, certain costs have been allocated among the program and supporting services benefited. Support services include Other Cost Accumulators (OCA) codes 97BBA for School Readiness, VPADM for Voluntary Pre-Kindergarten and other administrative expenses. OCA codes are used by the Coalition as directed by grantor agencies.

10. Donated services, materials, and facilities

    Donated services, materials and facilities that are measurable are recorded as support at their fair values at the date of receipt by the Coalition. A corresponding amount is recorded as expense or property and equipment. As of June 30, 2021, the Coalition did not receive any donated services, materials, and facilities.

11. Income taxes

    The Coalition is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code; therefore, no income tax provision is required in the accompanying financial statements. The Coalition is not classified as a private foundation. Contributions to the Coalition are qualified as deductions for charitable contributions.

    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 Internal Revenue Service for the years ended June 30, 2019 through June 30, 2021.

NOTE A – ORGANIZATION, NATURE OF ACTIVITIES, AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

12. Recent accounting pronouncements

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. The guidance also eliminates today's real estate specific provisions for all entities. 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.

13. Subsequent event

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 February 24, 2022.

NOTE B – CONCENTRATIONS

1. Economic dependency

The Coalition received approximately 97.3% of its revenue from federal and state contracts during the year ended June 30, 2021. The continuance of state and federal funding is subject to annual legislative budgetary review.

2. Concentration of credit risks

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 that are Federal Deposit Insurance Corporation insured, and which provide coverage on balances up to $250,000 per depositor, per institution. The Coalition has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on cash and equivalents. At June 30, 2021, the Coalition held $1,095,011 in excess of federally insured limits.

NOTE C – RELATED PARTY TRANSACTIONS

Certain non-voting members of the Board are mandated in the "Early Learning Act." For the year ended June 30, 2021, $19,157,411 was incurred for services provided by 4C, whose Central Agency Administrator and Head Start Director are members of the Coalition's Board. At June 30, 2021, the Coalition has a receivable balance of $188,207 from 4C.

NOTE D – PROPERTY AND EQUIPMENT

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

Vehicles	$	7,000
Computers and equipment		2,691
Furniture and fixtures		2,138
		11,829
Less: accumulated depreciation		(9,391)
Property and equipment, net	$	2,438

Depreciation expense for the year ended June 30, 2021 was $1,839.

NOTE E – COMMITMENTS AND CONTINGENCIES

1. Operating leases

   The Coalition has non-cancelable operating lease agreements for the rental of office space and copier with terms expiring through fiscal year 2023. The future minimum lease payments as of June 30 are $25,042 for 2022 and $2,132 for 2023.

   Lease expenses for the year ended June 30, 2021 was $28,839.

2. Federal and state appropriated funds

   Amounts received from federal and state agencies are subject to audit and adjustment at the discretion of those entities. If expenditures are disallowed as a result of these audits, the claims for reimbursement to the agency would be a liability of the Coalition.

NOTE F – INDIVIDUAL RETIREMENT ACCOUNTS

The Coalition established a 401(k) plan (the “Plan”) effective March 23, 2006 for all qualifying employees. All employees after 90 days of employment and over 21 years of age are eligible to participate in the Plan. The Coalition’s Plan includes a 401(k) match fund for participating employees at a rate of up to 3% of the employee’s salary, as funding permits.

The Coalition’s contributions to employee retirement plans are not guaranteed from fiscal year to fiscal year and contribution percentages may vary based on availability of funds. The Coalition contributed a total of $13,406 to the Plan for the year ended June 30, 2021.

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 Coalition utilizes other cost accumulators codes ("OCA") to allocate expenses to appropriate program and support service categories. Salaries are allocated based on actual time spent in these activities or administration of programs. Other expenses are allocated based on direct usage or management's estimates of the benefit derived by each activity.

NOTE H – CALCULATION OF MAXIMUM ADMINISTRATIVE EXPENSES

The following table compares administrative expenses incurred to the maximum 5% and 4% administrative expenses for the School Readiness program and Voluntary Pre-Kindergarten program, respectively, allowed by the Division of Early Learning ("DEL"):

	School Readiness	Voluntary Pre-Kindergarten	Total
Total administrative expenses subject to 5% and 4% maximum	$ 351,405	$ 232,196	$ 583,601
Maximum 5% and 4% administrative expenses allowable per DEL	511,146	233,322	744,468
Administrative expenses (under) maximum	$ (159,741)	$ (1,126)	$ (160,867)

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.

NOTE J – 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 equivalents	$	1,217,287
Due from 4C		188,207
Grants receivable		3,611,775
Total assets available for general expenditure within one year		5,017,269
Less:		
Amounts unavailable for general expenditures within one year:		
Due to related parties		(4,273,453)
Due to DEL		(509,535)
Other liabilities		(85,274)
Deferred revenue		(25,000)
Total amount unavailable for general expenditures within one year		(4,893,262)
Total financial assets available to management for general expenditure within one year	$	124,007

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 as they come due. The Coalition receives approximately 97.3% of 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.

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 Osceola County, Inc.
Kissimmee, 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 Osceola County, Inc. (the "Coalition") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities and change in net assets, 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 February 24, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Coalition'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 the Coalition'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 the Coalition'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
February 24, 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 Osceola County, Inc.
Kissimmee, Florida

Report on Compliance for Each Major Federal Program and State Project

We have audited Early Learning Coalition of Osceola County, Inc.'s (the "Coalition") 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 the Coalition's major federal programs and state projects for the year ended June 30, 2021. The Coalition'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 the Coalition'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 Office of Early Learning. Those standards, the Uniform Guidance, and 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 the Coalition'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 Osceola County, Inc.'s compliance.

Opinion on Each Major Federal Program and State Project

In our opinion, Early Learning Coalition of Osceola County, 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 projects for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the Coalition 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 the Coalition'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, and State of Florida Chapter 10.650, *Rules of the Auditor General*, 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 the Coalition'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
February 24, 2022

Early Learning Coalition of Osceola County, 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 the Uniform Guidance?	No
4. Dollar threshold used to distinguish between Type A and Type B programs	$750,000
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 Osceola County, 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 Education Program	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 DEL 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 Osceola County, 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 Division of Early Learning				
Child Care and Development Block Grant	93.575	EL381	$ 5,679,671	$ 5,095,576
Child Care and Development Block Grant - CARES Act	93.575	EL381	3,372,139	3,042,993
Child Care and Development Block Grant - CARES Act	93.575	EL380	563,516	563,516
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	EL381	2,314,950	2,076,882
Total Child Care Cluster			11,930,276	10,778,967
Temporary Assistance for Needy Families	93.558	EL381	2,220,891	1,992,496
Preschool Development Grant	93.434	EL381	79,885	-
Social Services Block Grant	93.667	EL381	7,408	6,646
Total Expenditures of Federal Awards			$ 14,238,460	$ 12,778,109
State Financial Assistance:				
State of Florida Department of Education				
Passed through Division of Early Learning				
Voluntary Pre-Kindergarten Education Program	48.108	EL381	$ 6,065,242	$ 5,970,252
Voluntary Pre-Kindergarten Outreach and Awareness	48.108	OA381	9,482	9,333
Total Expenditures of State Financial Assistance			$ 6,074,724	$ 5,979,585
Total Expenditures of Federal Awards and State Financial Assistance			$ 20,313,184	$ 18,757,694

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* (Uniform Guidance), State of Florida Chapter 10.650, *Rules of the Auditor General*, and the Department of Financial Services' *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 Rates

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.