POLK COUNTY SCHOOL READINESS COALITION, INC.
DBA: EARLY LEARNING COALITION OF POLK COUNTY

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEARS ENDED JUNE 30, 2021 AND 2020



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EARLY LEARNING COALITION OF POLK COUNTY
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Early Learning Coalition of Polk County
Lakeland, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Polk County School Readiness Coalition, Inc. (dba: Early Learning Coalition of Polk County) (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Early Learning Coalition of Polk County as of June 30, 2021 and 2020 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.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards 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*, and State of Florida Chapter 10.650, *Rules of the Auditor General*, and special audit guidance provided by the Office 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 16, 2022, on our consideration of Early Learning Coalition of Polk County'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 Polk County'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 Polk County's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Lakeland, Florida
February 16, 2022

EARLY LEARNING COALITION OF POLK COUNTY
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 2,194,574	$ 2,530,788
Prepaid Expenses	11,071	11,821
Due From State of Florida	1,946,829	3,175,407
Total Current Assets	4,152,474	5,718,016
PROPERTY AND EQUIPMENT, NET	1	948
Total Assets	$ 4,152,475	$ 5,718,964
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	$ 3,887,089	$ 5,160,450
Accrued Liabilities	182,704	157,908
Deferred Revenue	9,050	-
Total Liabilities	4,078,843	5,318,358
NET ASSETS		
Net Assets Without Donor Restrictions	73,632	400,606
Total Liabilities and Net Assets	$ 4,152,475	$ 5,718,964

See accompanying Notes to Financial Statements.

EARLY LEARNING COALITION OF POLK COUNTY
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
REVENUES AND SUPPORT WITHOUT RESTRICTIONS		
Government Grants:		
School Readiness	$ 35,433,195	$ 28,708,545
Voluntary Pre-Kindergarten	7,910,768	10,885,186
Florida Maternal, Infant and Early Childhood Home Visiting Initiative	675,064	643,583
United Way	234,018	325,497
Other Income	265,335	235,668
Total Revenues and Support Without Restrictions	44,518,380	40,798,479
EXPENSES		
Program Services:		
School Readiness	34,672,859	28,056,768
Voluntary Pre-Kindergarten	7,599,233	10,496,356
Florida Maternal, Infant and Early Childhood Home Visiting Initiative	693,620	647,218
Provider Pilot Funding	62,341	64,387
Total Program Services	43,028,053	39,264,729
Support Services:		
Management and General	1,763,148	1,616,484
Fundraising	54,153	30,585
Total Support Services	1,817,301	1,647,069
Total Expenses	44,845,354	40,911,798
CHANGE IN NET ASSETS	(326,974)	(113,319)
Net Assets - Beginning of Year	400,606	513,925
NET ASSETS - END OF YEAR	$ 73,632	$ 400,606

See accompanying Notes to Financial Statements.

EARLY LEARNING COALITION OF POLK COUNTY
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021

	Program Services					Support Services			
	School Readiness	Voluntary Pre-Kindergarten	Florida Maternal, Infant and Early Childhood Home Visiting Initiative	Early Learning Florida	Total	Management and General	Fundraising	Total	Total
Direct Provider Support	$ 29,482,370	$ 7,599,233	$ -	$ 59,925	$ 37,141,528	$ 238,186	$ -	$ 238,186	$ 37,379,714
Salaries and Benefits	3,035,443	-	529,713	1,929	3,567,085	1,123,671	12,551	1,136,222	4,703,307
Contracted Services	458,510	-	9,709	1	468,220	45,766	12,500	58,266	526,486
Rent Expense	327,160	-	37,888	211	365,259	103,643	16,109	119,752	485,011
Supplies and Office Expense	736,390	-	39,908	29	776,327	46,674	125	46,799	823,126
Technology Expense	173,267	-	18,071	92	191,430	36,419	-	36,419	227,849
License and Dues	49,591	-	469	6	50,066	37,338	-	37,338	87,404
Telephones	57,560	-	7,376	42	64,978	14,151	-	14,151	79,129
Other Expenses	18,944	-	2,891	5	21,840	6,932	2,290	9,222	31,062
Travel	3,495	-	2,745	-	6,240	853	-	853	7,093
Training and Development	207,448	-	34,205	15	241,668	6,419	-	6,419	248,087
Repairs and Maintenance	32,516	-	3,492	20	36,028	11,282	-	11,282	47,310
Printing and Postage	24,206	-	3,431	8	27,645	5,612	373	5,985	33,630
Professional Fees	-	-	723	-	723	28,933	-	28,933	29,656
Outreach and Awareness	44,797	-	428	-	45,225	25,784	2,267	28,051	73,276
Insurance	20,215	-	2,571	58	22,844	6,076	-	6,076	28,920
In-Kind Match	-	-	-	-	-	25,409	7,938	33,347	33,347
Depreciation	947	-	-	-	947	-	-	-	947
Bad Debt Expense	-	-	-	-	-	-	-	-	-
Total Expenses	$ 34,672,859	$ 7,599,233	$ 693,620	$ 62,341	$ 43,028,053	$ 1,763,148	$ 54,153	$ 1,817,301	$ 44,845,354

See accompanying Notes to Financial Statements.

EARLY LEARNING COALITION OF POLK COUNTY
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020

	Program Services								
	School Readiness	Voluntary Pre-Kindergarten	Florida Maternal, Infant and Early Childhood Home Visiting Initiative	Provider Pilot	Total	Management and General	Fundraising	Total	Total
Direct Provider Support	$ 24,076,909	$ 10,496,356	$ -	$ 62,925	$ 34,636,190	343,597	$ -	$ 343,597	$ 34,979,787
Salaries and Benefits	2,731,647	-	512,527	1,313	3,245,487	972,948	5,867	978,815	4,224,302
Pass-Through Payments to Subrecipients	-	-	-	-	-	-	-	-	-
Contracted Services	406,205	-	10,702	1	416,908	62,492	16,950	79,442	496,350
Rent Expense	286,847	-	32,228	133	319,208	59,473	3,942	63,415	382,623
In-Kind Match	-	-	-	-	-	5,895	-	5,895	5,895
Supplies and Office Expense	145,187	-	29,321	1	174,509	20,182	327	20,509	195,018
Technology Expense	99,304	-	12,004	-	111,308	19,522	-	19,522	130,830
Travel	30,806	-	20,126	3	50,935	11,666	-	11,666	62,601
Printing and Postage	27,387	-	3,466	1	30,854	4,879	420	5,299	36,153
Professional Fees	-	-	588	-	588	33,103	-	33,103	33,691
Telephones	47,908	-	5,997	3	53,908	11,265	-	11,265	65,173
Outreach and Awareness	2,408	-	258	-	2,666	19,812	2,690	22,502	25,168
Other Expenses	46,952	-	2,245	5	49,202	14,968	389	15,357	64,559
Depreciation	2,761	-	-	-	2,761	-	-	-	2,761
Repairs and Maintenance	31,378	-	3,485	2	34,865	7,048	-	7,048	41,913
Insurance	16,061	-	2,284	-	18,345	4,492	-	4,492	22,837
License and Dues	63,686	-	555	-	64,241	19,713	-	19,713	83,954
Training and Development	41,322	-	11,432	-	52,754	3,929	-	3,929	56,683
Bad Debt Expense	-	-	-	-	-	1,500	-	1,500	1,500
Total Expenses	$ 28,056,768	$ 10,496,356	$ 647,218	$ 64,387	$ 39,264,729	$ 1,616,484	$ 30,585	$ 1,647,069	$ 40,911,798

See accompanying Notes to Financial Statements.

EARLY LEARNING COALITION OF POLK COUNTY
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ (326,974)	$ (113,319)
Adjustments to Reconcile Change in Net Assets to Provided (Used) by Operating Activities:		
Depreciation	947	2,761
Bad Debt Expense	-	1,500
(Increase) Decrease in Assets:		
Due From State of Florida	1,228,578	(2,425,902)
Prepaid Expenses	750	1,834
Increase (Decrease) in Liabilities:		
Accounts Payable	(1,273,361)	3,217,876
Accrued Liabilities	24,796	51,468
Deferred Revenue	9,050	-
Net Cash Provided (Used) by Operating Activities	(336,214)	736,218
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENT	(336,214)	736,218
Cash and Cash Equivalents - Beginning of Year	2,530,788	1,794,570
CASH AND EQUIVALENTS - END OF YEAR	$ 2,194,574	$ 2,530,788

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Operations

Polk County School Readiness Coalition, Inc. dba: Early Learning Coalition of Polk County (the Coalition) is a nonprofit organization under the state of Florida Not-for-Profit Corporation Act and is exempt from income taxes according to the provisions of Section 501(c)(3) of the Internal Revenue Code (IRC). In addition, the Coalition qualifies for the charitable contribution deduction and has been classified as an organization that is not a private foundation.

In 1999, the state of Florida instituted legislation establishing a statewide school readiness program for the state's at-risk birth-to-kindergarten population. The program is intended to increase children's chances of achieving future educational success and becoming productive members of society. The state's intent was for the school readiness programs to be designed and administered at the local level. The Coalition was organized in order to provide an integrated, seamless service delivery system for all publicly funded early education and childcare programs within Polk County, Florida.

The state of Florida is a recipient of several federal financial assistance programs through the United States Department of Health and Human Services. The state of Florida has designated the Coalition as the subrecipient for all of these assistance programs within Polk County, Florida.

The state of Florida also provides funding from general revenue sources to the Coalition to pay for the costs associated with the state's pre-kindergarten programs.

The primary objective of these programs is to prepare children for entry into kindergarten. To accomplish this purpose, the Coalition contracts with various organizations, to provide early childhood services.

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.

Basis of Accounting and Financial Statement Presentation

The accompanying financial statements and accompanying schedule have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and include all funds and activities over which the board of directors of the Coalition has oversight and financial responsibility.

Cash and Equivalents

For purposes of the statements of cash flows, the Coalition considers all unrestricted, highly liquid investments with an initial maturity of three months or less to be cash equivalents.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Due from State of Florida

Grants receivable are due from federal and state governmental agencies and recorded when services are provided. The Coalition's receivables as of June 30, 2021 and 2020 are due in less than one year and management believes that all receivables are fully collectible.

Concentration of Credit Risk

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. At June 30, 2021 and 2020, the Coalition had $2,341,805 and $2,951,557 respectively in financial institutions. The Coalition maintains its cash deposits accounts in institutions which are qualified public depositories in Florida pursuant to Chapter 280.07 Florida Statutes. 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 cash equivalents.

The Coalition received substantially all of its revenue from federal and state contracts during the years ended June 30, 2021 and 2020. The continuance of state and federal funding is subject to annual legislative budgetary review.

Contributions and Donated Services, Materials and Facilities

All contributions of services, materials and facilities received by the Coalition are used to service its programs and are recorded as support at their fair market values at the date of receipt by the Coalition. A corresponding amount is recorded as expense or property and equipment. The Coalition receives donated teaching services consisting of salary equivalent workers who provide services for training and mentoring and support for teachers and students. Donated services, materials and facilities totaled $33,347 and $5,895 for the years ended June 30, 2021 and 2020, respectively.

Property and Equipment

All acquisitions of office equipment in excess of $5,000 are capitalized. Office equipment is carried at cost or, if donated, at the estimated fair value at the date of donation.

Depreciation is provided over the estimated useful life of the respective assets on a straight-line basis. The estimated useful life for computer equipment is 5 years and 10 years for other office equipment.

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 there from is subject to applicable regulations.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Grants and Contracts

Most of the Coalitions' revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Coalition has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statement of financial position. The Coalition did not recognize Deferred Revenue on the statements of financial position related to these grants as of June 30, 2021 and 2020. The Coalition received cost-reimbursable grants of $9,050 that have not been recognized as of June 30, 2021, because qualifying expenditures have not yet been incurred.

Contributions

The Coalition recognizes gifts or cash or other assets as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. Contributions received with restrictions that are met in the same reporting period are reported as support without restrictions and an increase in net assets without restrictions. When a restriction expires, (that is when a stipulated time restriction ends or purpose restriction is accomplished), net assets with restrictions are reclassified to net assets without restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as restricted revenue when received and released from restrictions when the assets are placed in service.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Expenses

The costs of providing services have been summarized on a functional basis in the accompanying statements of activities. Costs that are directly related to the Coalition's specific purpose have been recorded as a direct expense and included as program services. Certain costs have been allocated among program and supporting services based on amounts directly incurred to the program or service and the percentages of actual time employees spend working on program-related tasks.

Income Taxes

The Coalition is exempt from income tax under Section 501(c)(3) of the IRC; therefore, no income tax provision is required in the accompanying financial statements.

Management has analyzed its 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 income tax liabilities are necessary. Therefore, no reserves for uncertain income tax positions have been recorded.

Subsequent Events

Subsequent to June 30, 2021, the Organization was notified of additional funding to be awarded of approximately $17.6 million for provider stabilization grants. The terms of the funding require the funds to be obligated by September 30, 2022 and liquidated by September 30, 2023.

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 16, 2022.

NOTE 2 LIQUIDITY AND AVAILABILITY

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

	2021	2020
Cash and Cash Equivalents	$ 2,194,574	$ 2,530,788
Due from the State of Florida	1,946,829	3,175,407
Total	$ 4,141,403	$ 5,706,195

As part of its liquidity management plan, the Coalition invests cash in excess of daily requirements in money market funds.

NOTE 3 RELATED PARTY TRANSACTIONS

In accordance with applicable regulations, the Coalition's board of directors includes representatives of private and public sector industries. During the fiscal years ended June 30, 2021 and 2020, the Coalition entered into several contracts with certain private and public sector industries, with which certain Coalition board members are associated, for the purpose of providing services to participants. This includes contracts with the School Board, Department of Health, and childcare providers. Total payments to these organizations during the years ended June 30, 2021 and 2020 were $4,109,462 and $4,103,112, respectively, and accounts payable to them at June 30, 2021 and 2020 were $158,242 and $26,313, respectively.

NOTE 4 COMMITMENTS AND CONTINGENCIES

Operating Leases

The Coalition has office leases for office space in Lakeland and Winter Haven, Florida, and various smaller leases. The following is a schedule of approximate future minimum lease payments required under leases:

Year Ending June 30,	Amount
2022	$ 473,600
2023	475,626
2024	471,387
2025	383,958
Total	$ 1,804,571

Rent expense for the years ended June 30, 2021 and 2020 was $481,998 and $382,623, respectively.

Federal and State Appropriated Funds

Government grants require the fulfillment of certain conditions as set forth in applicable laws, rules and regulations and in the grant agreements. Failure to fulfill the conditions could result in the return of the funds to the grantor. Management believes such disallowances, if any, would not be material.

Litigation

From time to time, the Coalition may become involved in litigation relating to claims arising out of the operations in the normal course of business. At this time, management is not aware of any claims or legal action or any pending or threatened litigation that might have material impact on the Coalition's net assets, results of activities or cash flows. While management believes that the Coalition has adequate general and professional liability coverage, current or subsequent claims could result in additional costs to the Coalition.

NOTE 4 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Uncertainty

The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses and communities. COVID-19 may impact various parts of the Coalition's fiscal year 2022 operations and financial results. Management believes the Coalition is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events occurred subsequent to year-end and are still developing.

NOTE 5 PROPERTY AND EQUIPMENT

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

	2021	2020
Computer Equipment	$ 198,610	$ 198,610
Office Furniture	12,740	12,740
Total Property and Equipment	211,350	211,350
Less: Accumulated Depreciation	211,349	210,402
Property and Equipment, Net	$ 1	$ 948

NOTE 6 RETIREMENT PLAN

The Coalition established a 401(k) Plan (the Plan) effective July 1, 2007 for all qualifying employees. All employees at least 18 years of age and with a minimum of one year of service are eligible to participate in the Plan. Contribution components of the Plan are at the discretion of the Coalition and are determined on an annual basis. The Coalition provided for matching contributions of $116,093 and $97,628 to the Plan for the years ended June 30, 2021 and 2020, respectively. Employees are fully vested in their respective accounts funded by salary deferral contributions and rollover contributions. Employees are vested in the Coalition's match contributions at 20% each year for the first five years of service.

NOTE 7 CALCULATION OF MAXIMUM ADMINISTRATIVE EXPENSES

The following 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 Florida's Office of Early Learning (OEL):

June 30, 2021	School Readiness	Voluntary Pre-Kindergarten	Total
Total Administrative Expenses Subject to 5% and 4% Maximum	$ 1,126,925	$ 297,024	$ 1,423,949
Maximum 5% and 4% Administrative Expenses Allowable Per OEL	1,789,942	315,850	2,105,792
Administrative Expenses Under Maximum	$ (663,017)	$ (18,826)	$ (681,843)

For the year ended June 30, 2021, administrative expenses incurred for the School Readiness and Voluntary Pre-Kindergarten programs totaled 3.1% and 3.8%, respectively, of the total expenses for School Readiness and Voluntary Pre-Kindergarten as defined by OEL.

June 30, 2020	School Readiness	Voluntary Pre-Kindergarten	Total
Total Administrative Expenses Subject to 5% and 4% Maximum	$ 816,853	$ 367,571	$ 1,184,424
Maximum 5% and 4% Administrative Expenses Allowable Per OEL	1,435,427	434,557	1,869,984
Administrative Expenses Under Maximum	$ (618,574)	$ (66,986)	$ (685,560)

For the year ended June 30, 2020, administrative expenses incurred for the School Readiness and Voluntary Pre-Kindergarten programs totaled 3.4% and 3.3%, respectively, of the total expenses for School Readiness and Voluntary Pre-Kindergarten as defined by OEL.

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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*

Board of Directors
Early Learning Coalition of Polk County
Lakeland, 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 Polk County, which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 16, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Early Learning Coalition of Polk County'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 Polk County's internal control. Accordingly, we do not express an opinion on the effectiveness of Early Learning Coalition of Polk County'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.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Early Learning Coalition of Polk County'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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Lakeland, Florida
February 16, 2022

CliftonLarsonAllen LLP
CLAconnect.com

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

Board of Directors
Early Learning Coalition of Polk County
Lakeland, Florida

Report on Compliance for Each Major Federal Program and State Project

We have audited Early Learning Coalition of Polk County'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 Office of Early Learning that could have a direct and material effect on each of Early Learning Coalition of Polk County's major federal programs and state projects for the year ended June 30, 2021. Early Learning Coalition of Polk County'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 statutes, regulations, and the terms and conditions of its federal awards applicable to its federal and state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Early Learning Coalition of Polk County'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; the audit requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance);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 Early Learning Coalition of Polk County'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 Polk County's compliance.

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Opinion on Each Major Federal Program and State Project

In our opinion, Early Learning Coalition of Polk County 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 Early Learning Coalition of Polk County 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 Polk County'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 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 Early Learning Coalition of Polk County's internal control over compliance.

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

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

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Lakeland, Florida
February 16, 2022

EARLY LEARNING COALITION OF POLK COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2021

Grantor/Program Title	CFDA CSFA	Pass-Through Entity Number	Expenditures	Transfer to Subrecipients
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
School Readiness Cluster:				
Passed-Through Florida's Office of Early Learning for School Readiness Services:				
Temporary Assistance for Needy Families Cluster	93.558	EL421	$ 3,673,895	$ 25,344
Social Services Block Grant	93.667	EL421	16,204	112
ESSA Preschool Development Grants Birth Through Five	93.434	EL421	103,098	711
ESSA Preschool Development Grants Birth Through Five	93.434	EL421	54,307	375
Child Care Development Fund Cluster				
Child Care and Development Block Grant	93.575	EL421	13,801,420	95,209
CCDBG Supplemental CARES Act Funds	93.575	EL421	6,875,323	47,429
			20,676,743	142,638
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	EL421	4,764,745	32,869
Total School Readiness Cluster			29,288,992	201,674
Passed-Through Florida Association of Healthy Start Coalitions, Inc.:				
Florida Maternal, Infant and Early Childhood Home Visiting	93.505	MIECHV	675,064	-
Total Expenditures of Federal Awards			$ 29,964,056	$ 201,674
STATE OF FLORIDA DEPARTMENT OF EDUCATION				
Passed-Through Florida's Office of Early Learning				
Voluntary Pre-Kindergarten Education Program	48.108	OA421	$ 14,854	$ -
Voluntary Pre-Kindergarten Education Program	48.108	EL421	7,895,914	54,470
Total Voluntary Pre-Kindergarten Education Program			7,910,768	54,470
Total Expenditures of State Financial Assistance			$ 7,910,768	$ 54,470

EARLY LEARNING COALITION OF POLK COUNTY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
JUNE 30, 2021

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards and state financial assistance (the Schedule) includes the federal award and state financial assistance activity of Early Learning Coalition of Polk County under programs of the federal and state government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and Rules of the Auditor General, Chapter 10.650 *Florida Single Audit Act Audits – Nonprofit and For-Profit Organizations*, issued by the Auditor General of the state of Florida. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and Chapter 10.650*, Rules of the Auditor General*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Early Learning Coalition of Polk County has elected not to use the 10-percent de minimums indirect cost rate as allowed under the Uniform Guidance.

NOTE 3 RECONCILIATION FROM REVENUE AND SUPPORT TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

See reconciliation below noting the revenues from the Statement of Activities for School Readiness are recorded in excess of the Schedule of Federal Awards and State Financial Assistance awarded as of June 30, 2021.

REVENUES AND SUPPORT

Government Grants:	
School Readiness	$ 29,288,992

Schedule of Expenditures of Federal Awards and State Financial Assistance	CFDA	Award Number	Expenditures
Child Care and Development Block Grant	93.575	EL421	$ 13,801,420
CCDBG Supplemental CARES Act Funds	93.575	EL421	6,875,323
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	EL421	4,764,745
ESSA Preschool Development Grants Birth Through Five	93.434	EL421	103,098
ESSA Preschool Development Grants Birth Through Five	93.434	EL421	54,307
Temporary Assistance for Needy Families	93.558	EL421	3,673,895
Social Services Block Grant	93.667	EL421	16,204
Total School Readiness Expenditures			$ 29,288,992

EARLY LEARNING COALITION OF POLK COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021

Section I – Summary of Auditors' Results

Financial Statements

1. Type of auditors' report issued: Unmodified
2. Internal control over financial reporting:
   - Material weakness(es) identified? _____ yes ____x____ no
   - Significant deficiency(ies) identified? _____ yes ____x____ none reported
3. Noncompliance material to financial statements noted? _____ yes ____x____ no

Federal and State Awards

1. Internal control over major programs:
   - Material weakness(es) identified? _____ yes ____x____ no
   - Significant deficiency(ies) identified? _____ yes ____x____ none reported
2. Type of auditors' report issued on compliance for major programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes ____x____ no

Identification of Major Federal Programs

CFDA Numbers	Name of Federal Program or Cluster
	School Readiness Cluster:
93.558	Temporary Assistance for Needy Families Cluster
93.434	ESSA Preschool Development Grants Birth Through Five
93.667	Social Services Block Grant
93.575	Child Care and Development Fund Cluster Child Care and Development Block Grant
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund

Identification of Major State Programs

CSFA Number	Name of State Program or Cluster
48.108	Voluntary Pre-Kindergarten

Section I – Summary of Auditors' Results (Continued)

Dollar threshold used to distinguish between Type A and Type B programs:	$898,922			
Auditee qualified as low-risk auditee?		yes	x	no

Section II – Enhanced Fields System (EFS) Monthly Reconciliation

Section II – Enhanced Fields System (EFS) Monthly Reconciliation

EFS reconciled monthly to Coalition financial records	X	yes		no
Processes in place to identify and correct errors during monthly reconciliations to EFS	X	yes		no
Coalition's financial records reconcile and agree to EFS records as of program year ended, June 30, 2021	X	yes		no
Audit work papers documenting verification of reconciliations available to OEL staff	X	yes		no

Section III – Financial Statement Audit

There were no current year findings.

Section IV – Federal Awards and State Financial Assistance Findings and Questioned Costs

There were no current year findings.

Section V – Status of Prior Year Audit Findings

There were no prior year findings.

Section VI – Other Issues

In accordance with Florida State Statute Sections 215.97(9)(f) and 215.97(10)(d), a management letter has not been issued since there were no items related to State Financial Assistance required to be reported in the management letter.