EARLY LEARNING COALITION OF ALACHUA COUNTY, INC.

FINANCIAL STATEMENTS

For the Year Ended June 30, 2022

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EARLY LEARNING COALITION OF ALACHUA COUNTY, INC.

BOARD MEMBERS

June 30, 2022

Dr. Karen Bennett	Member
Patrick Bizub	Member
Brenda Brown	Member
Reverend George Dix	Member
Laura Gillman, CPA	Member
Donna Jones	Member
Marsha Kiner	Member
Carolyn Komanski	Member
Phyllis Marty	Member
Candi Morris	Member
Dr. Patricia Snyder	Member
Autumn Tomas	Member
Cheryl Twombly	Member
Michael Williams	Treasurer, Member
Jackie Hodges	Chief Executive Director
Kelli Williams	Chief Administrative Officer
Steven Harris	Director of Finance

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EARLY LEARNING COALITION OF ALACHUA COUNTY, INC.

FINANCIAL STATEMENTS

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FINANCIAL SECTION

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CERTIFIED PUBLIC ACCOUNTANT

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Jasper, FL 32052

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Early Learning Coalition of Alachua County, Inc.
Gainesville, Florida

Report on the Audit of the Financial Statements

Opinion

I have audited the accompanying financial statements of the Early Learning Coalition of Alachua County, Inc., (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Early Learning Coalition of Alachua County, Inc., as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my 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. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. I am required to be independent of the Early Learning Coalition of Alachua County, Inc., and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Early Learning Coalition of Alachua County, Inc's, ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Early Learning Coalition of Alachua County, Inc.'s, internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Early Learning Coalition of Alachua County, Inc.'s, ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and Chapter 10.650 *Rules of the Auditor General* 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 my opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated January 20, 2023, on my consideration of the Early Learning Coalition of Alachua County, Inc.'s, internal control over financial reporting and on my 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 my 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 the Early Learning Coalition of Alachua 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 Early Learning Coalition of Alachua County, Inc.'s, internal control over financial reporting and compliance.



Kenneth M. Daniels
Certified Public Accountant
January 20, 2023

FINANCIAL STATEMENTS

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EARLY LEARNING COALITION OF ALACHUA COUNTY, INC.

STATEMENT OF FINANCIAL POSITION

June 30, 2022

Assets		
Current assets		
Cash	$	2,217,130
Receivables		
Due from others		16,422
Due from providers		124,838
Due from other local governments		20,102
Due from State of Florida		177,498
Prepaid expenses		18,538
Total current assets		2,574,528
Fixed assets		
Leasehold improvements		28,126
Computer equipment		93,813
Office equipment and furniture		60,585
Total depreciable assets		182,524
Accumulated depreciation		(182,205)
Total net fixed assets		319
Other assets		
Utility deposit		8,291
Total assets	$	2,583,138
Liabilities and Net Assets		
Current liabilities		
Accounts payable	$	1,096,508
Accrued wages, taxes and withholding		95,608
Due to State of Florida		1,201,230
Total current liabilities		2,393,346
Net assets		
Without donor restrictions		138,744
With donor restrictions		51,048
Total net assets		189,792
Total liabilities and net assets	$	2,583,138

See notes to financial statements.

EARLY LEARNING COALITION OF ALACHUA COUNTY, INC.

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2022

Revenues, Gains, and Other Support	Without Donor Restrictions	With Donor Restrictions	Total
Federal grants	$ 17,950,639	$ -	$ 17,950,639
State grants	3,269,475	-	3,269,475
Other contractual	202,617	-	202,617
Contributions	29,631	80,567	110,198
Interest	25	-	25
Total revenues, gains, and other support	21,452,387	80,567	21,532,954
Expenses			
Program Services			
Childcare services	11,639,368	-	11,639,368
Quality services	972,676	-	972,676
CRRSA Funding	3,369,286	-	3,369,286
ARPA Funding	1,609,047	-	1,609,047
VPK	3,199,380	-	3,199,380
Total program services	20,789,757	-	20,789,757
Supporting Services			
Management and general	690,319	-	690,319
Total expenses	21,480,076	-	21,480,076
Change in net assets before reclassification	(27,689)	80,567	52,878
Reclassifications - net assets released from restrictions			
Provision of child care	67,309	(67,309)	-
Change in net assets	39,620	13,258	52,878
Net assets at beginning of year	99,124	37,790	136,914
Net assets at end of year	$ 138,744	$ 51,048	$ 189,792

See notes to financial statements.

EARLY LEARNING COALITION OF ALACHUA COUNTY, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2022

	Program Services						
Expenses	Childcare Services	Quality Services	CRRSA	ARPA	VPK	Management and General	Totals
Salaries	$ 516,090	$ 276,943	$ 1,739	$ -	$ 16,874	$ 368,349	$ 1,179,995
Payroll taxes	38,489	20,619	118	-	1,172	33,081	93,479
Reemployment tax	1,737	1,095	0	-	25	1,295	4,152
Health (health, dental, vision)	87,386	52,641	276	-	2,582	44,844	187,729
Life/disability insurance	6,851	3,787	20	-	204	3,740	14,602
Retirement benefits	24,634	11,446	101	-	867	17,290	54,338
Workers' compensation	1,699	801	-	-	51	852	3,403
Professional services - payroll	-	35	-	-	-	1,450	1,485
Temporary staff	1,737	-	-	-	49	11,113	12,899
Consumer Ed/outreach materials	-	17,673	-	-	209	5,901	23,783
Employee processing	3,308	3,698	16	-	77	19,262	26,361
Bank fees	-	-	-	-	-	250	250
Taxes and fees	-	-	-	-	-	270	270
IT subcontractor	15,637	9,662	40	-	390	23,735	49,464
Non-IT subcontractor	21,015	709	2	-	32	573	22,331
Dues & subscriptions	-	2,920	1	-	-	6,997	9,918
Depreciation	-	-	-	-	-	2,107	2,107
Equipment IT < $5000	108	3,487	-	-	3	1,587	5,185
Equipment IT < $1000	1,347	319	-	-	39	754	2,459
Furniture	-	9,816	-	-	-	-	9,816
Furniture < $5000	-	-	-	-	-	58	58
IT Software, license, support	3,911	6,216	3	-	55	4,873	15,058
Web services	404	94	-	-	10	187	695
Equipment rental	537	128	-	-	14	283	962
Maintenance and repair	941	437	1	-	18	522	1,919

(Continued)
See notes to financial statements.

EARLY LEARNING COALITION OF ALACHUA COUNTY, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2022

	Program Services						
Expenses continued	Childcare Services	Quality Services	CRRSA	ARPA	VPK	Management and General	Totals
Insurance							
Auto	$ 329	$ 96	$ -	$ -	$ 10	$ 163	$ 598
General liability	2,653	770	-	-	79	1,311	4,813
Property	766	226	-	-	23	378	1,393
Other	174	50	-	-	5	91	320
D&O	2,600	774	-	-	77	1,275	4,726
Janitorial	8,030	2,566	24	-	234	3,864	14,718
Office supplies	23,993	5,107	29	-	158	11,917	41,204
Curriculum/provider enhancement	70,154	68,172	605	-	-	-	138,931
Materials/provider enhancement	-	216,262	15,044	-	-	2,137	233,443
Postage & delivery	18	21	-	-	-	1,042	1,081
Printing and reproduction	1,734	742	1	-	43	603	3,124
Professional services							
Audit	-	(646)	-	-	-	44,816	44,170
Legal	-	-	-	-	-	8,265	8,265
Rent	65,243	20,739	165	-	1,929	34,565	122,641
Training materials & space	10,456	3,114	22	-	307	10,261	24,161
Stipends	-	12,550	-	-	3,500	-	16,050
Food	-	-	-	-	-	1,542	1,542
In-State travel	1,091	4,977	-	-	-	1,400	7,468
Registration fees	1,425	1,355	-	-	-	1,700	4,480
Travel local	165	4,330	0	-	104	986	5,585
Utilities	11,346	3,699	20	-	340	5,690	21,095
Miscellaneous	(9)	3,630	16	-	-	8,940	12,577
Slots - provider payments	10,713,369	201,615	-	-	3,169,900	-	14,084,884
Other direct services	-	-	3,351,041	1,609,047	-	-	4,960,088
Total expenses	$ 11,639,368	$ 972,676	$ 3,369,286	$ 1,609,047	$ 3,199,380	$ 690,319	$ 21,480,076

See notes to financial statements.

EARLY LEARNING COALITION OF ALACHUA COUNTY, INC.

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2022

Cash flows from operating activities		
Cash received from federal and state grants	$	22,241,226
Cash received from contractual services		186,195
Cash received from contributions		216,693
Cash received from interest		25
Cash paid to employees		(1,168,365)
Cash paid for employee taxes and benefits		(357,704)
Cash paid for supplies and provider assistance		(14,895,746)
Cash paid for childcare		(5,854,100)
Net cash provided (used) by operating activities		368,224
Cash - beginning		1,848,906
Cash - ending	$	2,217,130
Reconciliation of increase (decrease) in net assets to net cash provided (used) by operating activities		
Increase (decrease) in net assets	$	52,878
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities		
Depreciation		2,107
Decrease (increase) in operating assets		
Grant funds receivable		(129,121)
Due from others		(16,422)
Due from local governments		106,495
Due from providers		(58,851)
Prepaid expenses		1,286
Increase (decrease) in operating liabilities		
Accounts payable		(752,011)
Accrued payroll, taxes and withholding		11,630
Due to the State		1,150,233
Total adjustments		315,346
Net cash provided (used) by operating activities	$	368,224
Noncash transactions	$	-

See notes to financial statements.

EARLY LEARNING COALITION OF ALACHUA COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Purpose - The Early Learning Coalition of Alachua County, Inc. (Coalition), is a nonprofit corporation organized on June 22, 2000, for the purpose of providing opportunities for at risk, birth to kindergarten children and enhancing their chances for educational success. The Coalition was specifically formed to implement the provisions of the "Florida School Readiness Act" (Section 411, *Florida Statutes*) in Alachua County, Florida.

The Organization is governed by a voluntary board of directors.

The Organization is primarily funded by grant contracts with the State of Florida Division of Early Learning, which includes State and Federal grant funding for childcare and school readiness programs. The Organization primarily provides its school readiness and VPK services through contractual arrangements with childcare providers and the Alachua County School Board.

Revenues supporting the Organization are primarily federal and the state grants, contractual services, and contributions.

Basis of Accounting - The Coalition follows standards of accounting and financial reporting prescribed for voluntary health and welfare agencies. It uses the accrual basis of accounting, which recognizes revenues when earned and expenses as incurred. Federal, state and local government, and other public grants are recorded as support when performance occurs under the terms of the grant agreement.

The costs of providing the various programs and other activities have been detailed in the Statement of Functional Expenses and 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 which benefit more than one program are allocated to the various programs based on employee time spent in each functional area. Other expenses which benefit more than one area are allocated based on the average employee time spent in the various cost centers.

Financial Statement Presentation - The financial statement presentation is presented as required by the Section 958, Not for Profit Entities, in the Financial Accounting Standards Board (FASB) Accounting Standards Codification.

Under the Codification, the Early Learning Coalition of Alachua County, Inc., is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restriction, which represents the expendable resources that are

available for operations at management's discretion and net assets with donor restrictions which are restricted by the donor as to purpose or time.

In accordance with the above referenced Codification, contributions received are recorded as without donor restrictions or with donor restrictions.

During the year ending June 30, 2022, the net assets were classified as follows:

Net assets		
Unrestricted	$	138,744
Restricted for child care		51,048
Total net assets	$	189,792

Promises to Give/Contributions – Based on FASB Codification 958-605-25, contributions are recognized when the donor makes a promise to give to the Organization, that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in donor restricted net assets depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Cash Equivalents - As applicable, cash equivalents consist of short-term, highly liquid investments which are readily convertible into cash within ninety (90) days of purchase. At June 30, 2022, the Organization had no investments, which it considered cash equivalents.

Property and Depreciation - The Organization follows the practice of capitalizing all property and equipment expenditures in excess of $5,000, at cost, or, if donated, at fair market value. The Organization utilizes straight line depreciation with useful lives ranging from 5-7 years.

Property and equipment are valued at historical cost. Donated property and equipment are valued at estimated fair value at the date of donation. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose.

Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Property and Equipment Acquired by Grants - All property and equipment purchased with funds provided by federal or state funded programs is the property of the federal government or State of Florida. The Coalition uses the property and equipment in its operations and is required to maintain physical control over these assets. The titles to the assets are held by the Organization. Disposition of fixed assets exceeding established amounts requires prior approval by the federal pass-through agency, the State of Florida, Division of Early Learning.

Revenue Recognition - The Organization's primary revenue is derived from annual grants awarded

by the State of Florida, Division of Early Learning. These grant revenues, which are susceptible to accrual, are recognized when they become measurable and available. Other revenues are recorded on the accrual basis of accounting.

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

Uncertain Tax Positions – The Organization considered FASB Codification 740-10-50-15. As a result, it determined that the primary tax position of the Organization is its filing status as a tax-exempt entity. In addition, the Organization determined that it is more likely than not that its tax positions would be sustained upon examination by the Internal Revenue Service (IRS).

NOTE 2. CASH

Cash includes amounts in demand deposits as well as short-term money market investment accounts. Cash in demand deposits is secured by federal depository insurance. There were no restrictions on the cash balances at June 30, 2022.

At June 30, 2022, the total bank balances were $2,253,138, of which $250,000, was covered by the Federal Deposit Insurance Corporation (FDIC). The remaining balance is insured by the Bureau of Collateral Management, Florida Department of Financial Services.

NOTE 3. DUE FROM STATE OF FLORIDA

Due from the State of Florida, consists of amounts owed to the Coalition for child care services provided prior to June 30, 2022. Management considers the amounts fully collectible.

No provision for uncollectible amounts is provided for in the financial statements. All amounts were collected post year end.

Due from the State of Florida consisted of the following:

Federal grants - School Readiness	$	167,876
State grants - VPK		9,622
Total	$	177,498

NOTE 4. DUE FROM SCHOOL READINESS PROVIDERS

Due to a software upgrade, estimated amounts were paid to school readiness providers throughout the 2018-19 fiscal year. During the 2019-20 fiscal year, the Coalition corrected the estimated amounts and determined the balances that were owed to/by the Coalition and to/by various providers due to the under/overpayments (estimated vs. actual).

The balances were also subjected to review and approval by the Providers.

The amounts owed by Providers at June 30, 2022, was $124,838.

The Coalition expects the amounts to be repaid and has not recorded an allowance for doubtful provider amounts.

NOTE 5. DUE FROM LOCAL GOVERNMENTS AND OTHERS

Contributions are made from other local governments and nonprofit organizations to assist and promote child care within Alachua County, Florida. The amounts are provided via contract or grant award.

At June 30, 2022, the following amounts were owed to the Coalition:

Contributor		
Children's Trust of Alachua County (see note 7)	$	14,066
University of Florida		1,865
Other		491
Total due from others		16,422
City of Gainesville		14,444
Alachua County, Florida		5,658
Total due from other local governments		20,102
Total	$	36,524

NOTE 6. FIXED ASSETS AND DEPRECIATION

Depreciation of furniture and fixtures, and machinery and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis. In accordance with the Organization's policy, assets costing less than $5,000 are generally fully expensed in their year of acquisition.

Depreciation expense for the period ended June 30, 2022, was $2,107.

Fixed assets at June 30, 2022, are as follows:

Fixed asset type		Cost	Depreciable life
Leasehold alterations	$	28,126	7
PCs		93,813	5
Furniture and equipment		60,585	5
Total fixed assets		182,524	
Accumulated depreciation		(182,205)	
Net fixed assets	$	319	

NOTE 7. REVENUE FROM CONTRACTS

The Organization performs quality assessment with providers, assesses provider strengths, implements evidence-based practices, and provides individualized professional development support is under Contact No. 13211 with the Children's Trust of Alachua County. The contract amount's maximum is $248,026. Payment is based upon professional development trainings and

the results of the training based upon established targets by Provider teachers. Revenues are earned upon the provision/implementation of the services and billed monthly.

The monthly revenue amounts were as follows:

Month		Revenues
July	$	11,621
August		15,770
September		15,947
October		15,829
November		14,508
December		25,089
January		15,910
February		17,949
March		18,891
April		19,631
May		7,564
June		6,502
Totals	$	185,212

The Organization was owed $14,066 under the above contract at June 30, 2022.

NOTE 8. RETIREMENT

The Organization adopted a 401(k)-retirement savings plan. The plan is available to all employees who have completed 1,040 hours of employment. Under the plan, the Organization makes a contribution of six percent of the employee’s wages.

For the year ending June 30, 2022, the Organization incurred $54,338 in retirement expense.

NOTE 9. INCOME TAXES

The Organization has been granted an exemption from income taxes under Internal Revenue Code, Section 501(c)(3), as a nonprofit corporation. As required by Internal Revenue Service regulations, the Organization annually files a Form 990, "Return of Organization Exempt from Income Tax".

No taxes were owed by the Organization for the year ended June 30, 2022.

NOTE 10. CONTINGENCIES

There is a contingent liability due to the fact that all audits/monitoring’s have not been completed for the fiscal year ended June 30, 2022. Under provisions of the funding agreements, any expenditure determined not in compliance with grant regulations would be subject to repayment by the Organization.

The Organization's administration believes that all expenditures were significantly in compliance with grant regulations.

NOTE 11. LEASE COMMITMENT - FACILITIES

The Organization rents administrative offices at 4424 NW 13th Street Gainesville, Florida, from W. B Properties. The Organization's prior lease expired in December 2021. In January 2022, the Organization executed a new lease which continues for a five-year period with an option to extend for an additional five-year period under the same terms.

The lease agreement calls for monthly rental payments of $10,545 and includes a reimbursement for monthly utility fees. The minimum rental payments under this noncancelable lease follows:

Fiscal Year Ended	Rents	Utilities	Minimum Lease Payments
June 30, 2023	$ 126,539	$ 1,152	$ 127,691
June 30, 2024	126,539	1,152	127,691
June 30, 2025	126,539	1,152	127,691
June 30, 2026	126,539	1,152	127,691
June 30, 2027	63,270	576	63,846

Facility lease costs incurred for the year ending June 30, 2022, totaled $122,641.

NOTE 12. CONCENTRATION OF CREDIT RISK

Financial instruments which subject the Organization to concentrations of credit risk consist primarily of cash and cash equivalents in a local bank which at times may exceed the FDIC limits. However, because of the classification as public funds, any amounts that exceed FDIC coverage are insured through the Bureau of Collateral Management, Division of Treasury, and Department of Financial Services.

The Organization has no policy requiring collateral or other security to support its receivables.

NOTE 13. EXPENSES BY FUNCTION

Expenses by function have been allocated among program and supporting services classifications on the basis of employee time records based on personal activity reports (PARs). Hours by function are entered on a spreadsheet and an average by department (Administrative/finance, Provider Support, and Family Support) is computed. The average by department is totaled by function and multiplied by the total number of employees. The average by employee is used to allocate those costs that are not directly charged. The process is updated on a monthly basis.

The plan was approved by the Florida Division of Early Learning.

NOTE 14. CONCENTRATION OF REVENUE SOURCES

Approximately 99% of the Organization's revenues are derived from one state grant contract which must be renewed annually.

NOTE 15. INVENTORIES

It has consistently been the policy of the Organization to record acquisition of goods and supplies

as expenditures at the time of purchase. The amount of such inventory on hand at any one time would be a nominal amount and considered to be immaterial.

NOTE 16. DONATED SERVICES

The Organization also receives contributed services from various individuals. Volunteer services are recorded in accordance with FASB Codification 958-605-25-16 if they: 1 create or enhance nonfinancial assets or 2 require specialized skills and are provided by the individuals possessing those skills, and would typically need to be purchased if not provided by donation.

The contributed services provided to the Organization during the year ending June 30, 2022, did not meet the revenue recognition criteria above and were not recorded.

In addition, the fair market value of the unrecorded donated services has not been estimated.

Volunteer services were provided to all programs.

NOTE 17. QUALITATIVE AND QUANTITATIVE INFORMATION

Qualitative Information

Donor restrictions
The Organization has the responsibility to maintain resources due to donor restrictions at June 30, 2022.

Goals for Maintaining Financial Assets
The Organization's goals for maintaining financial assets are indicated in its Financial Policy and Procedures: "a budget is designed and prepared to direct the most efficient and prudent use of the Coalition's financial and human resources . . . on a monthly basis, financial reports comparing actual year-to-date revenues and expenses with budgeted year-to-date amount shall be produced . . . and distributed to each Department Director."

Policies for Investing Excess Cash
The Organization's policy for maintaining financial assets is indicated in its Financial Policy and Procedures: "ELCAC's investment objectives are the preservation and protection of the ELCAC's assets, as well as the maintenance of liquid reserves to meet obligations arising from unanticipated activities, by earning and appropriate return on investments."

Contractual Agreements
At June 30, 2022, the Organization had a contractual agreement with the University of Florida which provides funds for child care training. All amounts are considered earned upon the provision of service.

Line of Credit
Due to advances provided by the Florida Division of Early Learning, the Organization has not required any short-term funding via a line of credit or other means.

Quantitative Information

Financial assets at year-end:		
Cash	$	2,217,130
Receivables		338,860
Prepaid expenses		18,538
Financial assets/awards available to meet general expenses within one year	$	2,574,528

NOTE 18. RECONCILIATION OF DEL CONFIRMED REVENUE TO STATEMENT OF ACTVITIES BALANCES

The following schedule reconciles the DEL confirmed revenue total to the amount reported on the Coalition's financial statements:

Revenues per DEL Confirmation	$	21,410,258
Post year end corrections:		
Draws in excess of billings		(190,144)
Net federal and state grant revenues	$	21,220,114
Per financial statements		
SR	$	17,950,639
VPK		3,269,475
Total federal and state grants	$	21,220,114

NOTE 19. RELATED PARTY TRANSACTIONS

The composition of the Coalition's Board of Directors includes six persons associated with Pre-K/School Readiness providers who received payments from the Organization during the year ended June 30, 2022.

The amounts paid to the providers are as follows:

Related Party		Amount	Board Member
Santa Fe College: Santa Fe Little School	$	95,033	Dr. Karen Bennett
Passage Ministries: Kuddly Kids Academy		227,165	Patrick Bizub
Passage Ministries: Oaktree Academy		394,836	Patrick Bizub
Episcopal Children's Services: Early Head Start		29,243	Autumn Tomas
Episcopal Children's Services: Waldo Community HS		9,660	Autumn Tomas
Alachua County School Board		493,486	Donna Jones

The terms of these contracts were substantially the same as for other child care providers.

NOTE 20. SUBSEQUENT EVENTS

The Organization's management has evaluated subsequent events through January 20, 2023, the date which the financial statements were available for issuance and reports the following:

Grant Award

On July 1, 2022, the State of Florida Division of Early Learning awarded the Organization the following grant:

EL063 Grant Amount $29,195,497

NOTE 21. RECONCILIATION OF FINANCIAL RECORDS TO SCHOOL READINESS DATA AND REPORTING SYSTEM

During the year ending June 30, 2022, a monthly reconciliation of the Organization's financial records to the statewide School Readiness data and reporting system was generally performed in a timely and satisfactory manner based on the advances awarded and actual payments requested.

COMPLIANCE SECTION

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

To the Board of Directors of the
Early Learning Coalition of Alachua County, Inc.
Gainesville, Florida

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Early Learning Coalition of Alachua County, Inc., (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, 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 my report thereon dated January 20, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Early Learning Coalition of Alachua County, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Early Learning Coalition of Alachua County, Inc.'s internal control. Accordingly, I do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, to detect, 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.

My 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 my audit I did

not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Early Learning Coalition of Alachua County, Inc.'s financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of the financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my 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 my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Kenneth M. Daniels
Certified Public Accountant
January 20, 2023

EARLY LEARNING COALITION OF ALACHUA COUNTY, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

For the Fiscal Year Ended June 30, 2022

	Federal Assistance Listing/State CSFA Number	Pass-through Entity Identifying Number	Contract Period		Grant/ Contract Amount	Total Federal/State Expenditures	Provided to Subrecipients	Deferred Revenue 6/30/2022
Federal Financial Assistance								
U.S. Department of Health and								
Human Services passed through								
Florida's Division of Early Learning								
Temporary Assistance for Needy Families (TANF)	93.558	EL062	7/1/2021	06/30/22	$ 1,973,625	$ 1,973,625	$ -	$ -
Childcare and Development Block Grant *	93.575	EL062	7/1/2021	06/30/22	7,647,613	7,457,469	-	-
Childcare and Development Block Grant *								
Covid-19 Supplemental CRRSA Act Funds*	93.575	EL062	7/1/2021	06/30/22	3,373,894	3,373,894	-	-
Covid-19 Supplemental ARP Funds*	93.575	EL062	7/1/2021	06/30/22	1,618,742	1,618,742	-	-
Childcare Mandatory and Matching Funds *	93.596	EL062	7/1/2021	06/30/22	3,406,692	3,406,692	-	-
Total Child Care and Development Fund Cluster					16,046,941	15,856,797	-	-
Preschool Development Grants	93.434	EL062	7/1/2021	06/30/22	99,257	99,257	-	-
Social Services Block Grant	93.667	EL062	7/1/2021	06/30/22	5,916	5,916	-	-
U.S. Department of Education passed through								
Florida's Division of Early Learning								
Education Stabilization Fund (ESF)								
Elementary and Secondary School Emergency Relief								
(ESSER) Fund CRRSA Act Funds	84.425D	EL062	7/1/2021	06/30/22	15,044	15,044	-	-
Total federal financial assistance					18,140,783	17,950,639	-	-
State Financial Assistance								
Florida's Office of Early Learning								
Voluntary Pre-K Education Program	48.108	EL062	7/1/2021	06/30/22	3,269,475	3,269,475	-	-
Total all assistance					$ 21,410,258	$ 21,220,114	$ -	$ -

* Cluster of programs

Note 1. Basis of Presentation
The accompanying schedule of expenditures of federal awards and state financial assistance (the Schedule) includes the federal and state grant/contract activity for the Early Learning Coalition of Alachua County, Inc., under programs of the federal and state governments for the year ended June 30, 2022. 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) and State of Florida, *Rules of the Auditor General* 10.650. Because the Schedule presents only a selected portion of the operations of the Early Learning Coalition of Alachua County, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Early Leaning Coalition of Alachua County, Inc.

Note 2. Summary of Significant Accounting Policies
Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. When applicable, negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenses in prior years.

Note 3. Indirect Cost Rate
The Early Leaning Coalition of Alachua County, Inc., did not elect to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

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

To the Board of Directors of
Early Learning Coalition of Alachua County, Inc.
Gainesville, Florida

Report on Compliance for Each Major Federal Program and State Project

Opinion on Each Major Federal Program and State Project

I have audited Early Learning Coalition of Alachua County, 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 the special audit guidance provided by the Florida Division of Early Learning that could have a direct and material effect on each of Early Learning Coalition of Alachua County, Inc.'s, major federal programs and state projects for the year ended June 30, 2022. The Early Learning Coalition of Alachua County, Inc.'s, major federal programs and state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In my opinion, the Early Learning Coalition of Alachua 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, 2022.

Basis for Opinion on Each Major Federal Program and State Project

I conducted my 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, Audit Requirements for Federal Awards (Uniform Guidance), and the *Department of Financial Services'* State Projects Compliance Supplement, and the special audit guidance provided by the Florida Division of Early Learning. My responsibilities under those federal and state standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of my report.

I am required to be independent of the Early Learning Coalition of Alachua County, Inc., and to meet my other ethical responsibilities, in accordance with relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion on compliance for each major federal program and state project. My audit does not provide a legal determination of the Early Learning Coalition of Alachua County, Inc.'s, compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibility for the Audit of Compliance

My objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Early Learning Coalition of Alachua County, Inc.'s, compliance based on my audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, *Department of Financial Services'* State Projects Compliance Supplement, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Early Learning Coalition of Alachua County, Inc.'s, compliance with the requirements of each major federal program and state project as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, *Department of Financial Services'* State Projects Compliance Supplement, and the Uniform Guidance, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Early Learning Coalition of Alachua County, Inc.'s, compliance with the compliance requirements referred to above and performing such other procedures as I considered necessary in the circumstances.

- Obtain an understanding of the Early Learning Coalition of Alachua County, Inc.'s, internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and the *Department of Financial Services'* State Projects Compliance Supplement, but not for the purpose of expressing an opinion on the effectiveness of the Early Learning Coalition of Alachua County, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned

functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program or state project on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance, Chapter 10.650, *Rules of the Auditor General*, and the special audit guidance provided by the Florida Division of Early Learning. Accordingly, this report is not suitable for any other purpose.



Kenneth M. Daniels
Certified Public Accountant
Jasper, FL
January 20, 2023

EARLY LEARNING COALITION OF ALACHUA COUNTY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
FEDERAL PROGRAMS AND STATE PROJECTS

For the Year Ended June 30, 2022

Summary of Auditor's Results

Financial Statements	
Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No
Federal Awards and State Projects	
Internal control over major programs:	
Major weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Types of auditor's report issued on compliance for major Federal programs or State projects:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with CFR 200.516(a) or Chapter 10.656 *Rules of the Auditor General*?	No
Identification of major programs:	
Federal Program or Cluster	**Federal CDFA No.**
U.S. Department of Health and Human Services	
Temporary Assistance for Needy Families	93.558
Childcare and Development Block Grant (Cluster)	93.575
Childcare Mandatory and Matching Funds (Cluster)	93.596

State Project	**State CSFA No.**
State of Florida, Division of Early Learning Voluntary Pre-K Education Program	48.108
Dollar threshold used to distinguish between Type A and Type B programs – Federal Programs:	$750,000
Dollar threshold used to distinguish between Type A and Type B programs – State Programs:	$750,000
Auditee qualified as low-risk pursuant to the Uniform Guidance (not applicable for State projects)	No

Other Issues

Communications Required by the Division of Early Learning

The Early Learning Coalition of Alachua County, Inc.,

1. performs a monthly reconciliation of its financial records to the estimated/actual payments provided by the statewide School Readiness data and reporting system,

2. has processes in place to identify and correct errors noted during the monthly reconciliation process.

The Early Learning Coalition of Alachua County, Inc., financial records and the EFS records of actual payments were reconciled and are in general agreement for the year ending June 30, 2022.

The audit work papers of Kenneth M Daniels CPA PA include documentation that the above tasks were performed. The work papers are available for review by the Division of Early Learning staff at their request.

EARLY LEARNING COALITION OF ALACHUA COUNTY, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS -
FEDERAL PROGRAMS AND STATE PROJECTS

For the Year Ended June 30, 2022

Financial Statement Findings

Finding Reference: #2021-001
Type of Finding: Material Weakness

Condition: For the year ended June 30, 2021, the Organization received 99.9% of its funding subject to cost-reimbursement agreements with state and local governments. By nature of these agreements, the Organization should generally not have an increase or a decrease in net assets. However, the Organization is reporting a decrease in net assets without donor restrictions of $24,915.

Recommendations:

- The Organization should review its accounts and determine the cause of the current year deficit. Once determined, the Organization should attempt to recover funding, as appropriate, from the applicable revenue sources.
- The Organization should continue to make efforts to ensure adequate staffing of the finance department to allow for timely completion of control activities.
- As the Organization rebuilds its finance department, the Organization should review its control activities to determine the right balance between effectiveness and efficiency.

Current Status: The Coalition's cash expenses were reconciled to the total reimbursement requests from the Florida Division of Early Learning. The accrual of expenses which were not part of the reimbursement requests are the apparent cause of the decrease in net assets. The finding is no longer valid.

Finding Reference: #2021-002
Type of Finding: Material Weakness

Condition: The Coalition's accounting records required material adjustments to prepare the year-end financial statements.

Recommendations —

- The Coalition should review its policies and procedures for monthly reconciliation of accounting records to invoices provided to DEL. Such policies should include assignment of responsibility for the reconciliation, assignment of responsibility for review of the reconciliation, timelines for the reconciliation and review, and documentation of all of the aforementioned procedures.
- The Coalition should review its policies and procedures for the preparation, approval, and recording of journal entries. The Coalition should produce and retain adequate documentation of the purpose and justification for adjustments along with all supporting documentation and details

Current Status: The finding has been corrected.

Finding Reference: #2021-003
Type of Finding: Material Weakness

Condition: The Coalition reported to DEL the receipt of $91,355 of match funds that were not received. The Coalition failed to bill for and collect funding from a local match grantor for $8,788 of that amount. There was no match funding available for the remainder of $82,567.

Recommendation: We recommend that the Coalition obtain a clear understanding of the requirements for obtaining and reporting match funding and to ensure that all match funding is fully collected.

Current Status: The finding has been corrected.

Finding Reference: #2021-004
Type of Finding: Significant Deficiency

Condition: We chose a sample of 26 disbursements for the wages of employees and found the following:

- For one employee we were unable to examine manual or electronic evidence of employee and supervisor approval of time sheets.
- For one employee, there was no rate change approval form in the employee file.
- For three employees, the amounts posted to the accounting records were in disagreement with amounts reported on time sheets.

Recommendation: The Coalition should review its policies and procedures to ensure that time records are available for review, that documentation of approval of pay changes are retained, and that amounts posted to accounting records are calculated according to time records.

Current Status: The finding has been corrected.

Federal Award Findings and Questioned Costs

Finding Reference: #2021-005
Federal Program: Child Care Development Cluster
CFDA No.: 93.558, 93.575, 93.596
Compliance Requirement Type of Finding: Material Weakness in Internal Control
Questioned Costs: $0

The Finding, Cause, Effect and Recommendations of Finding 2021-002 are applicable to the Child Care Development Cluster.

Current Status: See above finding 2021-002. The finding has been corrected.

Finding Reference: #2021-006
Federal Program: Child Care Development Cluster
CFDA No.: 93.558, 93.575 and 93.596
Compliance Requirement: Allowable Costs
Type of Finding: Significant Deficiency in Internal Control and Compliance
Questioned Costs: $1,268

Condition: The Coalition overpaid a Professional Sustainability Stipend by $1,268.

Recommendation: The Organization should review its processes for the calculation of professional development payments and consider what changes may need to be made to eliminate future errors.

Current Status: The finding has been corrected.

State Award Findings and Questioned Costs

There were no prior year findings related to state awards.

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MANAGEMENT LETTER

To the Board of Directors of the
Early Learning Coalition of Alachua County, Inc.
Gainesville, Florida

Report on the Financial Statements

I have audited the financial statements of the Early Learning Coalition of Alachua County, Inc. as of and for the fiscal year ended June 30, 2022, and have issued my report thereon dated January 20, 2023.

Auditor's Responsibility

I conducted my audit 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) and Chapter 10.650 *Rules of the Auditor General*.

Other Reporting Requirements

I have issued my Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards;* Independent Auditor's Report On Compliance for Each Major Federal Program and State Project and Report on Internal Control Over Compliance in accordance with the Uniform Guidance and Chapter 10.650, *Rules Of The Auditor General;* and the Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated January 20, 2023, should be considered in conjunction with this management letter.

Additional Matters

Section 10.654(1)(e), *Rules of the Auditor General*, requires that I address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements or State project amounts that is less than

material but which warrants the attention of those charged with governance. In connection with my audit:

Prior Year Immaterial Audit Findings and Recommendations

There were no prior year immaterial audit findings or recommendations.

Current Year Immaterial Audit Findings and Recommendations

2022-001 Cash Reconciliation

Criteria or specific requirement:

1. Accountability for cash is accomplished through the monthly preparation of accurate bank reconciliations. This comparison of cash on hand with the recorded amount is an essential element of internal control and ensures that the reimbursement requests from DEL are accurate.
2. Outstanding checks greater than one year in age should be processed in accordance with *Florida Statutes* 717.

Condition:

1. The June 2022 bank reconciliation indicated outstanding transactions of $622 which were unidentifiable. The amounts did not clear on a subsequent bank statement.
2. Eleven checks totaling $2,449 remain outstanding for a period exceeding one year.

Cause: Failure to consider the above amounts for correction.

Effect or potential effect:

1. Possible over/under statement of the cash balance and requested amounts from the Division of Early Learning.
2. Failure to comply with *Florida Statutes* 717.

Context: The audit of cash identified the above amounts. The issues are isolated.

Recommendation:

1. Reconcile cash on a monthly basis. All outstanding amounts should be traceable to an identifiable amount on a subsequent statement. If not, the balance should be investigated for adjustment/correction.
2. Process stale dated checks in accordance with the Statute referenced above.

Purpose of this Letter

This management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and State granting agencies, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.



Kenneth M. Daniels, CPA
Certified Public Accountant
January 20, 2023

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MANAGEMENT'S RESPONSE

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MANAGEMENT RESPONSE

Current Year Immaterial Audit Findings and Recommendations

2022-001 Cash Reconciliation
Criteria or specific requirement:
1. Accountability for cash is accomplished through the monthly preparation of accurate bank reconciliations. This comparison of cash on hand with the recorded amount is an essential element of internal control and ensures that the reimbursement requests from DEL are accurate.
2. Outstanding checks greater than one year in age should be processed in accordance with *Florida Statutes* 717.

Condition:
1. The June 2022 bank reconciliation indicated outstanding transactions of $622 which were unidentifiable. The amounts did not clear on a subsequent bank statement.
2. Eleven checks totaling $2,449 remain outstanding for a period exceeding one year.

Cause: Failure to consider the above amounts for correction.
Effect or potential effect:
1. Possible over/under statement of the cash balance and requested amounts from the Division of Early Learning.
2. Failure to comply with *Florida Statutes* 717.

Context: The audit of cash identified the above amounts. The issues are isolated.
Recommendation:
1. Reconcile cash on a monthly basis. All outstanding amounts should be traceable to an identifiable amount on a subsequent statement. If not, the balance should be investigated for adjustment/correction.
2. Process stale dated checks in accordance with the Statute referenced above.

Bank Statements are reconciled on a monthly basis by our Finance Director. Unreconciled items will be identified and adjusted. Uncleared checks will be voided on our books and handled in accordance with Florida Statutes 717 after 180 days.