# 2022

Early Learning Coalition of Marion County, Inc.

# Financial Statements and Independent Auditor's Report

June 30, 2022

PURVIS GRAY

CERTIFIED PUBLIC ACCOUNTANTS

**FINANCIAL STATEMENTS**
**AND**
**INDEPENDENT AUDITOR'S REPORT**

**EARLY LEARNING COALITION OF**
**MARION COUNTY, INC.**
**OCALA, FLORIDA**

**JUNE 30, 2022**

**TABLE OF CONTENTS**


**Independent Auditor's Report** ..... 1-3

**Financial Statements**
Statement of Financial Position ..... 4
Statement of Activities and Changes in Net Assets ..... 5
Statement of Functional Expenses ..... 6
Statement of Cash Flows ..... 7
Notes to Financial Statements ..... 8-13

**Additional Elements of Report Prepared in Accordance with *Government Auditing Standards*, Issued by the Comptroller General of the United States; the Provisions of Office of Management and Budget Uniform Guidance; and Chapter 10.650, *Rules of the Auditor General* of the State of Florida**
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* ..... 14-15
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 the Florida Department of Financial Services, State Projects *Compliance Supplement* ..... 16-18
Schedule of Expenditures of Federal Awards and State Financial Assistance ..... 19
Schedule of Findings and Questioned Costs - Federal Award Programs and State Financial Assistance ..... 20-21

PURVIS GRAY

**INDEPENDENT AUDITOR'S REPORT**

Board of Directors
Early Learning Coalition of Marion County, Inc.
Ocala, Florida

**Opinion**
We have audited the accompanying financial statements of Early Learning Coalition of Marion County, Inc. (the Coalition), a non-profit organization, which comprise the statement of financial position as of June 30, 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Coalition as of June 30, 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Coalition and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Coalition'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**
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing

**INDEPENDENT AUDITOR'S REPORT**

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 the one resulting from error, as fraud my involve collusion, forgery, intentional omissions, misrepresentations, or that 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 Coalition'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 Coalition's ability to continue as a going concern for a reasonable period of time.

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

**Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards 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* 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 our opinion, the schedule of expenditures of federal awards and state financial assistance is fairly stated, in all material respects, in relation to the financial statements as a whole.

Board of Directors
Early Learning Coalition of Marion County, Inc.
Ocala, Florida

**INDEPENDENT AUDITOR'S REPORT**

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2023, on our consideration of the Coalition's internal control over financial reporting and our tests of 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 the Coalition's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Coalition's internal control over financial reporting and compliance.

**Report on Summarized Comparative Information**

We have previously audited the Coalition's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 14, 2022. In our opinion, the summarized comparative information presented herein, as of and for the year ended June 30, 2021, is consistent in all material respects, with the audited financial statements from which it has been derived.

Purvis Gray

March 30, 2023
Ocala, Florida

# FINANCIAL STATEMENTS

**STATEMENT OF FINANCIAL POSITION**
**FOR THE YEAR ENDED JUNE 30, 2022,**
**WITH COMPARATIVE TOTALS FOR JUNE 30, 2021**
**EARLY LEARNING COALITION OF MARION COUNTY, INC.**
**OCALA, FLORIDA**

**ASSETS**

| | 2022 | 2021 |
|---|---|---|
| **Current Assets** | | |
| Cash and Cash Equivalents | $ 606,492 | $ 791,171 |
| Grants and Other Receivables | 1,180,016 | 1,348,926 |
| Prepaid Expenses | 14,481 | 28,575 |
| **Total Current Assets** | 1,800,989 | 2,168,672 |
| Property and Equipment, Net of Accumulated Depreciation | 64,467 | 78,811 |
| Property and Equipment With Donor Restrictions, Net of Accumulated Depreciation | 601,063 | 633,574 |
| **Non-Current Assets** | | |
| Interest in Beneficial Trust | 82,501 | 78,184 |
| **Total Assets** | 2,549,020 | 2,959,241 |

**LIABILITIES AND NET ASSETS**

| | | |
|---|---|---|
| **Current Liabilities** | | |
| Accounts Payable | 1,657,673 | 2,335,638 |
| Accrued Payroll and Related | 59,735 | 41,082 |
| Compensated Absence | 43,408 | 13,732 |
| Deferred Revenue | 106,469 | 71,353 |
| Due to the Florida Department of Education, Division of Early Learning | 24,022 | 24,022 |
| **Total Current Liabilities** | 1,891,307 | 2,485,827 |
| **Net Assets** | | |
| Net Assets With Donor Restrictions: | | |
| Grant Funded Property and Equipment | 601,063 | 633,574 |
| Net Assets Without Donor Restrictions: | | |
| Property and Equipment, Net | 64,467 | 78,811 |
| Unrestricted | (7,817) | (238,971) |
| **Total Net Assets** | 657,713 | 473,414 |
| **Total Liabilities and Net Assets** | $ 2,549,020 | $ 2,959,241 |

See accompanying notes.

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**
**FOR THE YEAR ENDED JUNE 30, 2022,**
**WITH COMPARATIVE TOTALS FOR JUNE 30, 2021**
**EARLY LEARNING COALITION OF MARION COUNTY, INC.**
**OCALA, FLORIDA**

| | 2022 | 2021 |
|---|---|---|
| **Revenues** | | |
| Florida Department of Education, Division of Early Learning: | | |
| School Readiness Program | $ 16,753,070 | $ 14,640,695 |
| Voluntary Pre-Kindergarten Program | 4,639,108 | 4,084,974 |
| United Way of Marion County, Inc.: | | |
| Success By 6 | 48,950 | 58,442 |
| VPK Expansion | 50,854 | - |
| Marion County BOCC: | | |
| School Readiness Match Fund | 143,750 | 167,274 |
| Other Grants and Program Revenues: | | |
| Help Me Grow | 101,371 | 113,018 |
| Community Foundation CARES Award | - | 46,292 |
| Other Program Revenue and Contributions | 52,792 | 119,748 |
| Interest Income | 1,708 | 1,638 |
| Unrealized/Realized Gain (Loss) on Investments | (15,115) | 13,520 |
| In-Kind Donations | 15,909 | 36,717 |
| **Total Revenues** | 21,792,397 | 19,282,318 |
| **Expenses** | | |
| Program Services: | | |
| School Readiness Program | 16,285,851 | 14,080,352 |
| Voluntary Pre-Kindergarten Program | 4,485,106 | 4,015,632 |
| Success By 6 | 64,787 | 119,444 |
| Help Me Grow | 101,371 | 147,663 |
| Other Programs | 71,171 | 196,456 |
| General and Administrative | 599,812 | 668,787 |
| **(Total Expenses)** | (21,608,098) | (19,228,334) |
| **Increase (Decrease) in Net Assets** | 184,299 | 53,984 |
| **Net Assets, Beginning of Year** | 473,414 | 419,430 |
| **Net Assets, End of Year** | $ 657,713 | $ 473,414 |

See accompanying notes.

# STATEMENT OF FUNCTIONAL EXPENSES
# FOR THE YEAR ENDED JUNE 30, 2022,
# WITH COMPARATIVE TOTALS FOR JUNE 30, 2021
# EARLY LEARNING COALITION OF MARION COUNTY, INC.
# OCALA, FLORIDA

| | Program Services | | | | | Support Services | | |
|---|---|---|---|---|---|---|---|---|
| | School Readiness Program | Voluntary Pre-Kindergarten Program | Help Me Grow | Success By 6 | Other Programs | General and Administrative | Total 2022 | Total 2021 |
| **Functional Expenses** | | | | | | | | |
| Salaries and Benefits | $ 1,157,186 | $ - | $ 75,638 | $ 27,932 | $ 45,539 | $ 485,221 | $ 1,791,516 | $ 1,684,879 |
| Staff Development | 6,639 | - | - | - | - | 1,410 | 8,049 | 8,228 |
| Professional Services | 167,816 | - | 4,242 | - | 6,116 | 39,307 | 217,481 | 200,100 |
| Direct Services - Child Care | 8,266,357 | 4,485,106 | 17,519 | 20,835 | - | - | 12,789,817 | 14,135,117 |
| Occupancy | 60,757 | - | 884 | - | - | 5,931 | 67,572 | 59,057 |
| Postage, Freight, and Delivery | 154 | - | 16 | 20 | 5 | 1,510 | 1,705 | 4,131 |
| Equipment Lease and Maintenance | 3,580 | - | 144 | - | - | 358 | 4,082 | 4,490 |
| Supplies | 11,444 | - | 206 | - | 71 | 1,272 | 12,993 | 46,326 |
| Communications | 16,666 | - | 1,178 | - | - | 1,671 | 19,515 | 20,572 |
| Insurance | 12,265 | - | 245 | - | - | 1,975 | 14,485 | 30,390 |
| Small Furniture and Equipment | 35,437 | - | - | - | - | 2,626 | 38,063 | 88,407 |
| Quality Initiatives | 6,525,532 | - | - | - | - | - | 6,525,532 | 2,763,894 |
| Travel | 7,569 | - | - | - | - | 4,437 | 12,006 | 1,726 |
| Miscellaneous Expenses | 14,374 | - | 1,138 | 91 | 19,016 | 7,239 | 41,858 | 33,523 |
| Interest Expense | - | - | - | - | - | - | - | 1,075 |
| Other Program Expenses | 75 | - | 161 | - | 424 | - | 660 | 62,847 |
| Depreciation | - | - | - | - | - | 46,855 | 46,855 | 46,855 |
| In-Kind | - | - | - | 15,909 | - | - | 15,909 | 36,717 |
| **Total Functional Expenses** | $ 16,285,851 | $ 4,485,106 | $ 101,371 | $ 64,787 | $ 71,171 | $ 599,812 | $ 21,608,098 | $ 19,228,334 |

See accompanying notes.

**STATEMENT OF CASH FLOWS**
**FOR THE YEAR ENDED JUNE 30, 2022,**
**WITH COMPARATIVE TOTALS FOR JUNE 30, 2021**
**EARLY LEARNING COALITION OF MARION COUNTY, INC.**
**OCALA, FLORIDA**

| | 2022 | 2021 |
|---|---|---|
| **Cash Flows from Operating Activities** | | |
| Support and Revenue Collected: | | |
| Contracts, Grants, Program Fees, and Contributions | $ 22,008,812 | $ 19,894,361 |
| Interest Income | 1,708 | 1,638 |
| Payments for Expenses: | | |
| Compensation and Related Expenses | (20,447,698) | (18,821,129) |
| Vendors and Suppliers | (1,743,184) | (1,709,960) |
| Interest Paid | - | (1,075) |
| **Net Cash Provided by (Used in) Operating Activities** | (180,362) | (636,165) |
| **Cash Flows from Investing Activities** | | |
| Interest in Beneficial Trust | (4,317) | (329) |
| **Net Cash Provided by (Used in) Investing Activities** | (4,317) | (329) |
| **Cash Flows from Financing Activities** | | |
| Payments on Outstanding Debt | - | (39,222) |
| **Net Cash Provided by (Used in) Financing Activities** | - | (39,222) |
| **Net Increase (Decrease) in Cash and Cash Equivalents** | (184,679) | (675,716) |
| **Cash and Cash Equivalents, Beginning of Year** | 791,171 | 1,466,887 |
| **Cash and Cash Equivalents, End of Year** | $ 606,492 | $ 791,171 |
| **Reconciliation of Change in Net Assets to Net Cash Provided by (Used in) Operating Activities** | | |
| (Decrease) Increase in Net Assets | $ 184,299 | $ 53,983 |
| Reconciling Adjustments: | | |
| Depreciation Expense | 46,855 | 46,855 |
| Decrease (Increase) in Grants and Other Receivables | 168,910 | 574,065 |
| Decrease (Increase) in Prepaid Expenses | 14,094 | (448) |
| Increase (Decrease) in Deferred Revenue | 35,116 | 40,061 |
| Increase (Decrease) in Accounts Payable and Accrued Expenses | (629,636) | (1,350,681) |
| **Net Cash Provided by (Used in) Operating Activities** | $ (180,362) | $ (636,165) |

**Supplemental Schedule of Non-Cash Investing and Financing Activities**

There are no non-cash investing and financing activities for the year ended June 30, 2022.

See accompanying notes.

**NOTES TO FINANCIAL STATEMENTS**
**EARLY LEARNING COALITION OF MARION COUNTY, INC.**
**OCALA, FLORIDA**

## Note 1 - Summary of Significant Accounting Policies

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements is as follows:

### Reporting Entity

The Early Learning Coalition of Marion County, Inc. (the Coalition) is a not-for-profit corporation responsible for the development, implementation, and administrative oversight of federal and state grant funded school readiness and voluntary pre-kindergarten programs in Marion County, Florida. The Coalition's mission is to provide leadership and foster partnerships to optimize a quality learning environment for our children through child care, voluntary pre-kindergarten, and parent education.

The Coalition has been established to prepare preschool children to enter kindergarten ready to learn, as measured by criteria established by the Florida Department of Education, Division of Early Learning, which operates under the direction of the Governor of the State of Florida and acts as the lead agency pursuant to Florida Statutes, Section 1002.82. The Coalition is primarily supported by federal and state grants from the Florida Department of Education, Division of Early Learning passed through from the Department of Health and Human Services and the State of Florida.

The financial statements of the Coalition are prepared in accordance with generally accepted accounting principles as applied to not-for-profit organizations. The Financial Accounting Standards Board (FASB) is the standard-setting body for not-for-profit accounting and financial reporting.

The Coalition is providing all aspects of child care provider payments for school readiness and voluntary pre-kindergarten; all aspects of provider and client eligibility for school readiness and voluntary pre-kindergarten; all aspects of the child care resource and referral program; and all aspects of quality initiatives for school readiness and voluntary pre-kindergarten, including parent education.

### Programs Operated

The Coalition operates the following programs:

- **School Readiness Program —** Provides financial assistance for child care costs to families who meet the qualifying guidelines, including before and after school care for school-age children, up to the age of 13, and provides quality early education services to children from birth to 5 years of age.

- **Voluntary Pre-Kindergarten (VPK) Program —** Provides children who reside in Florida and will attain the age of four years on or before September 1 of the school year a voluntary pre-kindergarten education program.

- **Success by 6 Partnership with United Way of Marion County, Inc. —** A parent education initiative which focuses on early childhood education through parent trainings, technical assistance, and parent resources. The partnership with United Way of Marion County, Inc. began in December 2005.

- **Help Me Grow —** Provides support to families, child health care, early care, and education and Human Service providers, to identify early signs of developmental or behavioral concerns and the available community resources to address their needs.

**NOTES TO FINANCIAL STATEMENTS**
**EARLY LEARNING COALITION OF MARION COUNTY, INC.**
**OCALA, FLORIDA**

**Basis of Accounting**
For financial reporting purposes, the Coalition uses the accrual basis of accounting, which recognizes revenue when earned and expenses as incurred. Federal and state government grants are recorded as support when performance occurs under the terms of the grant agreement.

**Financial Statement Presentation**
Presentation follows *Accounting Standards Codification* (ASC) 958-205, *Financial Statement of Not-for-Profit Organizations*. Under ACS 958-205, the Coalition is required to report information regarding its financial positions and activities as follows:

**Without Donor Restrictions**
Net assets that are not subject to donor-imposed stipulations.

**With Donor Restrictions**
Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Coalition and/or passage of time. When a restriction expires, with donor restriction assets are reclassified to without donor restrictions, and reports in the statement of activities as net assets released from restriction.

**Contracts and Grants**
The majority of the Coalition's revenue is derived from advanced funded and cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. In accordance with FASB ASC 958-605, *Not-for-Profits*, revenue is recognized when the Coalition has incurred eligible expenditures in compliance with specific contracts or grant provisions. Amounts that have been received but not yet earned are reported in the financial statements as deferred revenues. Any expenses that have been incurred but not yet reimbursed are reported as unbilled grants receivable.

**Functional Cost Allocation**
Management allocates certain management and general costs among the various programs. Indirect costs for School Readiness and Voluntary Pre-Kindergarten Programs are included in management and general. Costs subject to allocation include certain salaries and payroll taxes, telephone and utilities, insurance, repairs and maintenance, and professional fees. Direct costs are specifically charged to the program which incurred the costs.

**Cash and Cash Equivalents**
The Coalition considers cash and cash equivalents to include cash deposits and investments with original maturities of three months or less.

**Revenue Recognition**
Deferred revenue represents advanced local grant funding received in advance but not utilized. Amounts will be recognized when spent for their intended uses.

In accordance with Accounting Standards Update (ASU) Statement No. 2018-08, *Not-for-Profit Entities* (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, grants and contracts awarded by federal and other grantors, which are generally

considered non-reciprocal transactions restricted for certain purposes, are recognized as revenue when qualifying expenditures are incurred and conditions under the agreements are met. Contributions are conditional if the agreement includes both a barrier that must be overcome for the recipient to be entitled to the assets transferred, a right of return for the transferred assets, or a right of release of the promisor's obligation to transfer assets. Conditional promises to give are not recognized until they become unconditional; that is, when the barriers on which they depend are met. The conditional contributions are related to funding for the establishment of new programs or continuation of current programs with the Coalition's overall mission, subject to the terms of each agreement.

Expenditures made in advance of funds received are recorded as grants receivable.

**Due to the Florida Department of Education, Division of Early Learning**
The Coalition collects restitution from families who received services but were not eligible. Funds are returned to the Florida Department of Education, Division of Early Learning.

**Property and Equipment**
Property and equipment are recorded at cost. The Coalition capitalizes all property and equipment having an original cost of $5,000 or greater. The fair value or replacement costs of donated fixed assets are similarly capitalized. Depreciation is provided over their estimated lives (five to seven years for equipment and furniture, and ten to forty years for buildings and improvements) using the straight-line method.

**Grants Receivable**
Receivables are recorded by the Coalition for funds to be received from various federal and state grants as revenues are earned. An allowance for uncollectible receivables has not been recorded as all amounts are deemed collectible.

**Donated Property and Services**
All in-kind contributions are considered to be available for unrestricted use. Donated property and equipment are recorded at the estimated market value upon receipt.

**Comparative Financial Statements**
The financial statements include certain prior year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Coalition's financial statements for the year ended June 30, 2021, from which the summarized information was derived. Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation of the current year financial statements.

**Income Taxes**
The Coalition is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, the financial statements do not reflect a provision for income taxes.

In accordance with ASC Section 740-10, *Income Tax Uncertainties*, it is the policy of management to evaluate its tax positions on an ongoing basis and to disclose any such positions it believes would have a material impact on the financial statements and related notes. Management also believes that no such required disclosures currently exist.

The Coalition is no longer subject to U.S. federal and state income tax examinations by tax authorities for years before 2019. The Coalition would recognize interest accrued related to unrecognized tax benefits in interest expense and penalties, if any, in operating expenses.

**Accounting Estimates**
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Fair Value of Financial Instruments**
The carrying amount of cash and cash equivalents and interest in beneficial trust are at fair value.

**Subsequent Events**
The Coalition has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through March 30, 2023, the date the financial statements were available to be issued.

**Accounting Pronouncement Issued But Not Yet Adopted**
In February 2016, the FASB issued ASU Statement No. 2016-02, *Leases.* The new standard establishes a right-of-use (ROU) model that requires a lessee to record an ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the matter of expense recognition in the income statement. The new standard is effective for years beginning after December 15, 2021. A modified retrospective transition approach is required for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Coalition is currently evaluating the impact of its pending adoption of the new standard on its financial statements.

**Note 2 - Cash and Cash Equivalents**

At June 30, 2022, the carrying amount of cash on hand and on cash equivalents with banks was $606,492 and the related bank balance was $540,885. The Coalition occasionally maintains deposit balances in excess of those insured up to the Federal Deposit Insurance Corporation limits. Additionally, the Coalition believes that deposits are covered under Florida Statute 280 and has filed the related forms.

**Note 3 - Property and Equipment**

The following is a schedule of unrestricted property and equipment owned by the Coalition at June 30, 2022:

| | | |
|---|---|---|
| Building Improvements | $ | 149,584 |
| Office Furniture and Equipment | | 64,007 |
| (Accumulated Depreciation) | | (149,124) |
| **Total Unrestricted Property and Equipment, Net** | $ | 64,467 |

During March 2013, the Coalition purchased a building in Ocala, Florida. The net cost of the land and building was $531,600 and was paid for with a Community Development Block Grant (CDBG) through Marion County, Florida. The CDBG also provided $132,022 to complete building renovations. This property is subject to a lien for 20 years, or until the CDBG funds are repaid, if the contract terms are not met by the Coalition. The lien expires March 12, 2033.

On June 30, 2017, the Coalition replaced the roof on their building. The cost of the roof was $95,272 and was paid for with a CDBG through Marion County, Florida. The building is subject to a lien for 6 years, or until the CDBG funds are repaid, if the contract terms are not met by the Coalition. The lien expires June 30, 2023.

On March 7, 2019, the Coalition entered into an agreement with Marion County, Florida for $65,000 of CDBG funding to replace the flooring in the Coalition offices. The building is subject to a lien for 6 years or until the CDBG funds are repaid. The lien expires December 31, 2025.

The following is a schedule of property and equipment with donor restrictions, owned by the Coalition at June 30, 2022:

| | | |
|---|---|---|
| Land | $ | 116,960 |
| Building | | 414,640 |
| Building Improvements | | 292,294 |
| (Accumulated Depreciation) | | (222,831) |
| **Total With Donor Restrictions Property and Equipment, Net** | $ | 601,063 |

Depreciation expense for the year ended June 30, 2022, is $46,855.

**Note 4 - Interest in Beneficial Trust**

The amount reported in the statement of financial position as interest in beneficial trust represents the net cumulative transfers and earnings by the Coalition to the Community Foundation of Ocala/Marion County. This amount totaled $82,501 and $78,184 at June 30, 2022 and 2021, respectively. The Community Foundation of Ocala/Marion County holds and invests the funds on behalf of the Coalition in an endowment fund for the benefit of the Coalition. Funds are invested in equities, fixed income bonds, treasury notes and money markets, and a small portion in hedge funds. Funds are to be distributed to the Coalition at their request.

**Note 5 - Line of Credit**

The Coalition established a $300,000 line of credit with a variable interest rate based on the Wall Street Journal Prime Rate, currently at 3.5%. As of June 30, 2022, there was no balance due.

**Note 6 - Compensated Absences**

The Coalition has a policy in place for employees to receive compensation for future absences. The accumulated earned vacation liability for the period ended June 30, 2022 and 2021, is $43,408 and $13,732, respectively, and is recorded as a current liability.

**Note 7 - Retirement**

The Coalition maintains a Voluntary Retirement Annuity Plan 403(b) (the Plan) for its employees. All employees are eligible for participation in the Plan and become eligible for employer contributions to the Plan after six months of employment. Coalition contributions to the Plan are 5% of the employee's salary. On behalf of the employees, the Coalition contributed to the plan for the year ended June 30, 2022 and 2021, $59,808 and $52,981, respectively.

**Note 8 - Operating Lease**

In December 2021, the Coalition entered into a 48-month lease agreement of a postage meter. The quarterly payment for this machine is $200.

Total rent expense under the operating lease for the year ended June 30, 2022, is $3,466.

**Note 9 - Liquidity and Available Resources**

Financial assets consist of cash on deposit and grants receivable, reduced by amounts not available for general use because of contractual or donor-imposed restrictions. There are no further board-designated assets to meet general expenditures within one year.

| | |
|---|---|
| Financial Assets, as of June 30, 2022 | $ 1,786,508 |
| Less Those Unavailable General Expenditures: | |
| Within One Year Restricted for Grant Programs | - |
| Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year | $ 1,786,508 |

In addition, the Coalition has a Line of Credit available for expenditures in the next year. See Note 5.

**Note 10 - Contingencies**

**Concentrations**
The Coalition receives a substantial amount of its support from federal and state grants. A significant reduction in the level of this support, if this were to occur, will have an effect on the Coalition's programs and activities.

**Grant Compliance**
Grants require the fulfillment of certain conditions set forth in the instrument of the grant. Failure to fulfill the conditions could result in the return of the funds to grantors. The Coalition has deemed this contingency remote. By accepting the grants and grant agreements, the Coalition indicated its intentions to fulfill all conditions set forth in the grant agreements. The Coalition believes that it has fulfilled all conditions set forth in the grant agreements that would have a direct and material effect on the financial statements.

**Note 11 - Related Parties**

In accordance with Florida Statute, Section 1002.83, the members of the Coalition include the Head Start Director/designee for Episcopal Children's Services, Inc., which provides VPK services; the Superintendent/Designee of the Marion County Public School system, which provides VPK services; and a representative from a private for-profit child care provider, a Marion County Board Commissioner, a faith-based child care provider, and a family day care home provider.

**ADDITIONAL ELEMENTS OF REPORT PREPARED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*, ISSUED BY THE COMPTROLLER GENERAL OF THE UNITED STATES; THE PROVISIONS OF OFFICE OF MANAGEMENT AND BUDGET UNIFORM GUIDANCE; AND CHAPTER 10.650, *RULES OF THE AUDITOR GENERAL* OF THE STATE OF FLORIDA**

**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***

Board of Directors
Early Learning Coalition of Marion County, Inc.
Ocala, 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 Marion County, Inc. (the Coalition), a non-profit organization, which comprise the statement of financial position as of June 30, 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 30, 2023.

**Report on Internal Control Over Financial Reporting**
In planning and performing our audit of the financial statements, we considered the Coalition's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Coalition's internal control. Accordingly, we do not express an opinion on the effectiveness of the Coalition's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Coalition'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 is 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 or significant deficiencies may exist that have not been identified.

Board of Directors
Early Learning Coalition of Marion County, Inc.
Ocala, Florida

**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***

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Coalition's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance 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 non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

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

Purvis Gray

March 30, 2023
Ocala, Florida

PURVIS GRAY

**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 THE FLORIDA DEPARTMENT OF FINANCIAL SERVICES, STATE PROJECTS *COMPLIANCE SUPPLEMENT***

Board of Directors
Early Learning Coalition of Marion County, Inc.
Ocala, Florida

**Report on Compliance for Each Major Federal Program and State Project**

***Opinion on Each Major Federal Program and State Project***

We have audited Early Learning Coalition of Marion County, Inc.'s (the Coalition) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the requirements described in the Department of Financial Services' *State Projects Compliance Supplement* that could have a direct and material effect on each of Coalition's major federal programs and state projects for the year ended June 30, 2022. The Coalition'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 our opinion, the Coalition 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 for the year ended June 30, 2022.

***Basis for Opinion on Each Major Federal Program and State Project***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, *Rules of the Auditor General*. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Board of Directors
Early Learning Coalition of Marion County, Inc.
Ocala, Florida

**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 THE FLORIDA DEPARTMENT OF FINANCIAL SERVICES, STATE PROJECTS *COMPLIANCE SUPPLEMENT***

***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 Coalition's federal programs and state projects.

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

Our objectives are to obtain reasonable assurance about whether material non-compliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Coalition's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.650, *Rules of the Auditor General,* will always detect material non-compliance when it exists. The risk of not detecting material non-compliance 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. Non-compliance 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 Coalition's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.650, *Rules of the Auditor General*, we:

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

- Identify and assess the risks of material non-compliance, 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 Coalition's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the Coalition'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 Chapter 10.650, *Rules of the Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of the Coalition's internal control over compliance. Accordingly, no such opinion is expressed.

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

Board of Directors
Early Learning Coalition of Marion County, Inc.
Ocala, Florida

**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 THE FLORIDA DEPARTMENT OF FINANCIAL SERVICES, STATE PROJECTS *COMPLIANCE SUPPLEMENT***

**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, non-compliance 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 non-compliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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.

Purvis Gray

March 30, 2023
Ocala, Florida

# SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
# AND STATE FINANCIAL ASSISTANCE
# FOR THE YEAR ENDED JUNE 30, 2022
# EARLY LEARNING COALITION OF MARION COUNTY, INC.
# OCALA, FLORIDA

| Grantor/Pass-Through Program Title | Assistance Listing Number/ CSFA Number | Contract Number | Program or Award Amount | Expenditures |
|---|---|---|---|---|
| **Federal Awards** | | | | |
| **U.S. Department of Education** | | | | |
| **Passed Through the Florida Department of Education, Division of Early Learning:** | | | | |
| Education Stabilization | 84.425D | EL322 | $ 2,743 | $ 2,743 |
| Total U.S. Department of Education | | | | 2,743 |
| **U.S . Department of Health and Human Services** | | | | |
| **Passed Through the Florida Department of Education, Division of Early Learning:** | | | | |
| Every Student Succeeds Act/Preschool Development Grant | 93.434 | EL322 | 151,885 | 151,885 |
| Social Services Block Grant | 93.667 | EL322 | 6,908 | 6,908 |
| Temporary Assistance for Needy Families | 93.558 | EL322 | 3,215,585 | 3,215,585 |
| Child Care Development Fund Cluster: | | | | |
| Child Care and Development Block Grant | 93.575 | EL322 | 6,011,236 | 6,011,236 |
| COVID-19 - Child Care and Development Block Grant | 93.575 | EL322 | 1,923,278 | 1,923,278 |
| COVID-19 - Child Care and Development Block Grant | 93.575 | EL322 | 3,265,415 | 3,265,415 |
| Child Care Mandatory and Matching Funds of the Child Care Development Fund | 93.596 | EL322 | 2,178,763 | 2,178,763 |
| Total Child Care Development Fund Cluster | | | | 13,378,692 |
| **Total U.S. Department of Health and Human Services** | | | | 16,753,070 |
| **Total Federal Awards** | | | | 16,755,813 |
| **State Financial Assistance** | | | | |
| **Florida Department of Education** | | | | |
| **Division of Early Learning:** | | | | |
| Voluntary Pre-Kindergarten Program | 48.108 | EL322 | 4,639,108 | 4,639,108 |
| Passed Through Help Me Grow Network | | | | |
| Help Me Grow Florida Network | 48.111 | N/A | 101,371 | 101,371 |
| **Total Florida Department of Education** | | | | 4,740,479 |
| **Total State Financial Assistance** | | | | 4,740,479 |
| **Total Expenditures of Federal Awards and State Assistance** | | | | $ 21,496,292 |

**Basis of Presentation**

The accompanying schedule of expenditures of federal awards and state financial assistance includes the federal and state grant activity of Early Learning Coalition of Marion County, Inc., and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and Chapter 10.650, *Rules of the Auditor General*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the financial statements.

**Indirect Cost Rate**

The Early Learning Coalition of Marion County, Inc. has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**
**FEDERAL AWARD PROGRAMS AND STATE FINANCIAL ASSISTANCE**
**EARLY LEARNING COALITION OF MARION COUNTY, INC.**
**OCALA, FLORIDA**

**Section I - Summary of Audit Results**

**Financial Statements**

| | |
|---|---|
| Type of Audit Report Issued: | Unmodified Opinion |
| Internal Control Over Financial Reporting: | |
| Material weakness(es) identified? | No |
| Significant deficiency(ies) identified? | No |
| Non-compliance material to financial statements noted? | No |

**Federal Awards and State Projects**

| | |
|---|---|
| Internal Control Over Major Programs: | |
| Material weakness(es) identified? | No |
| Significant deficiency(ies) identified? | No |
| Type of Audit Report Issued on Compliance for Major Programs: | Unmodified Opinion |
| Any audit findings disclosed that are required to be reported in accordance with 10.650 for non-profit and for-profit organizations? | No |

Identification of Major Programs:

| Federal Program or Cluster | Assistance Listing No. |
|---|---|
| Child Care Development Cluster | 93.575/93.596 |

| State Project | CSFA No. |
|---|---|
| Voluntary Pre-Kindergarten 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 a low-risk auditee pursuant to Uniform Guidance? | Yes |

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**
**FEDERAL AWARD PROGRAMS AND STATE FINANCIAL ASSISTANCE**
**EARLY LEARNING COALITION OF MARION COUNTY, INC.**
**OCALA, FLORIDA**

**Section II – Financial Statement Findings**

There were no findings that were required to be reported to those charged with governance.

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

There were no findings that were required to be reported to those charged with governance.

**Section IV – State of Florida, Department of Education – DEL Reporting Requirements**

| | | |
|---|---|---|
| 1. | EFS Modernization (EFS Mod) Reconciled Monthly to Coalition Financial Records: | Yes |
| 2. | Processes in Place to Identify and Correct Errors During Monthly Reconciliations: | Yes |
| 3. | Early Learning Coalition of Marion County, Inc.'s Financial Records Reconcile and Agree to EFS Mod as of June 30, 2022: | Yes |
| 4. | Audit Work Papers Documenting Verification of Reconciliation Available to OEL Staff: | Yes |

**Section V – Other Issues**

No summary schedule of prior audit findings is required because there were no prior audit findings related to federal programs or state projects.

No management letter has been included in the report because no findings or comments were noted pursuant to Chapter 10.650, *Rules of the Auditor General*.