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

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEARS ENDED JUNE 30, 2023 AND 2022



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EARLY LEARNING COALITION OF POLK COUNTY
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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Early Learning Coalition of Polk County, Inc.(a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Early Learning Coalition of Polk County, Inc., as of June 30, 2023 and 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 audits in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Early Learning Coalition of Polk County, Inc., 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.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2022 Early Learning Coalition of Polk County, Inc. adopted new accounting guidance for leases. The guidance requires lessees to recognize a right-of-use asset and corresponding liability for all operating and finance leases with lease terms greater than one year. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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.

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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 Early Learning Coalition of Polk County, Inc.'s ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' 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 auditors' 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 GAAS 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 GAAS 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 Early Learning Coalition of Polk 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 Early Learning Coalition of Polk County, Inc.'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 supplementary information, such as the schedule of expenditures of federal awards and state financial assistance, as required by 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* and Chapter 10.650, *Nonprofits and For Profit Organizations*, Rules of the Auditor General of the State of Florida, 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 audits 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 GAAS. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 6, 2024, on our consideration of Early Learning Coalition of Polk County, Inc., Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Early Learning Coalition of Polk 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 Early Learning Coalition of Polk County, Inc.'s internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Lakeland, Florida
March 6, 2024

EARLY LEARNING COALITION OF POLK COUNTY
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 3,113,700	$ 2,823,180
Prepaid Expenses	11,236	13,211
Due From State of Florida	3,643,752	2,540,969
Total Current Assets	6,768,688	5,377,360
NONCURRENT ASSETS		
Property and Equipment, Net	6,081	-
Right-of-Use Assets - Operating, Net	1,067,003	-
Total Noncurrent Assets	1,073,084	-
Total Assets	$ 7,841,772	$ 5,377,360
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	$ 6,422,076	$ 4,426,833
Accrued Liabilities	58,595	207,815
Deferred Revenue	42,566	409,637
Lease Liability - Operating, Current Portion	489,493	-
Total Current Liabilities	7,012,730	5,044,285
NONCURRENT LIABILITIES		
Lease Liability - Operating, Net of Current Portion	596,376	-
Total Noncurrent Liabilities	596,376	-
Total Liabilities	7,609,106	5,044,285
NET ASSETS		
Without Donor Restrictions	232,666	333,075
Total Liabilities and Net Assets	$ 7,841,772	$ 5,377,360

See accompanying Notes to Financial Statements.

EARLY LEARNING COALITION OF POLK COUNTY
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2023 AND 2022

	Without Donor Restrictions	
	2023	2022
REVENUES AND SUPPORT		
Government Grants:		
School Readiness	$ 41,068,628	$ 37,914,631
Voluntary Pre-Kindergarten	13,314,087	9,496,529
Florida Maternal, Infant and Early Childhood Home Visiting Initiative	147,270	677,778
American Rescue Plan Act	35,666,745	6,617,990
United Way	765,000	249,265
Contributions of Nonfinancial Assets	75,695	47,155
Other Income	283,239	305,716
Total Revenues and Support	91,320,664	55,309,064
EXPENSES		
Program Services:		
School Readiness	40,372,866	36,828,154
Voluntary Pre-Kindergarten	12,989,832	9,251,724
Florida Maternal, Infant and Early Childhood Home Visiting Initiative	147,270	677,778
Early Learning Florida	25,175	35,350
Polk County Grants	64,289	-
American Rescue Plan Act	35,537,872	6,634,955
Total Program Services	89,137,304	53,427,961
Support Services:		
Management and General	2,241,277	1,568,790
Fundraising	42,492	52,870
Total Support Services	2,283,769	1,621,660
Total Expenses	91,421,073	55,049,621
CHANGE IN NET ASSETS	(100,409)	259,443
Net Assets - Beginning of Year	333,075	73,632
NET ASSETS - END OF YEAR	$ 232,666	$ 333,075

See accompanying Notes to Financial Statements.

EARLY LEARNING COALITION OF POLK COUNTY
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023

	Program Services							Support Services			
	School Readiness	Voluntary Pre-Kindergarten	Florida Maternal, Infant and Early Childhood Home Visiting Initiative	Early Learning Florida	Polk County Grants	American Rescue Plan Act	Total Program Services	Management and General	Fundraising	Total Support Services	Total Expenses
Direct Provider Support	$ 33,836,522	$ 12,873,583	$ -	$ 25,175	$ -	$ 32,488,738	$ 79,224,018	$ 208,222	$ -	$ 208,222	$ 79,432,240
Salaries and Benefits	3,930,460	68,833	141,486	-	-	92,508	4,233,287	1,314,879	4,597	1,319,476	5,552,763
Contracted Services	250,162	34,445	-	-	-	7,878	292,485	60,744	3,750	64,494	356,979
Rent Expense	421,477	4,959	3	-	-	-	426,439	141,529	2,916	144,445	570,884
Supplies and Office Expense	558,437	22	43	-	64,212	33,451	656,165	26,381	663	27,044	683,209
Technology Expense	753,829	2,517	3,575	-	-	7	759,928	72,340	-	72,340	832,268
License and Dues	74,191	3	10	-	-	2	74,206	21,313	-	21,313	95,519
Telephones	65,981	668	733	-	-	1	67,383	18,630	-	18,630	86,013
Other Expenses	41,439	481	612	-	-	-	42,532	172,818	1,312	174,130	216,662
Travel	46,738	3,059	750	-	-	790	51,337	13,083	41	13,124	64,461
Training and Development	219,214	-	-	-	-	2,909,313	3,128,527	50,707	-	50,707	3,179,234
Repairs and Maintenance	38,198	423	-	-	-	2	38,623	10,524	-	10,524	49,147
Printing and Postage	28,138	106	58	-	77	182	28,561	10,423	175	10,598	39,159
Professional Fees	5,710	-	-	-	-	-	5,710	25,753	-	25,753	31,463
Outreach and Awareness	73,395	-	-	-	-	5,000	78,395	9,732	29,038	38,770	117,165
Insurance	28,975	733	-	-	-	-	29,708	9,199	-	9,199	38,907
In-Kind Match	-	-	-	-	-	-	-	75,000	-	75,000	75,000
Total Expenses by Function	$ 40,372,866	$ 12,989,832	$ 147,270	$ 25,175	$ 64,289	$ 35,537,872	$ 89,137,304	$ 2,241,277	$ 42,492	$ 2,283,769	$ 91,421,073

See accompanying Notes to Financial Statements.

EARLY LEARNING COALITION OF POLK COUNTY
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022

	Program Services							Support Services			
	School Readiness	Voluntary Pre-Kindergarten	Florida Maternal, Infant and Early Childhood Home Visiting Initiative	Early Learning Florida	Polk County Grants	American Rescue Plan Act	Total Program Services	Management and General	Fundraising	Total Support Services	Total Expenses
Direct Provider Support	$ 31,556,468	$ 9,171,391	$ -	$ 35,350	$ -	$ 6,601,476	$ 47,364,685	$ 283,042	$ -	$ 283,042	$ 47,647,727
Salaries and Benefits	3,395,234	69,567	532,253	-		23,871	4,020,925	920,827	5,762	926,589	4,947,514
Contracted Services	478,854	-	23,919	-	-	-	502,773	52,870	3,100	55,970	558,743
Rent Expense	393,792	5,626	40,387	-	-	7,846	447,651	76,969	11,148	88,117	535,768
Supplies and Office Expense	275,707	43	45,676	-	-	60	321,486	57,397	-	57,397	378,883
Technology Expense	147,467	919	10,263	-	-	248	158,897	24,454	-	24,454	183,351
License and Dues	47,374	-	32	-	-	-	47,406	20,968	-	20,968	68,374
Telephones	59,603	851	6,892	-	-	189	67,535	11,141	-	11,141	78,676
Other Expenses	18,818	372	2,094	-	-	28	21,312	6,965	3,365	10,330	31,642
Travel	41,773	1,886	6,282	-	-	-	49,941	19,214	-	19,214	69,155
Training and Development	138,947	285	1,388	-	-	-	140,620	3,857	-	3,857	144,477
Repairs and Maintenance	35,168	67	3,013	-	-	29	38,277	4,234	-	4,234	42,511
Printing and Postage	69,236	348	1,911	-	-	104	71,599	5,030	448	5,478	77,077
Professional Fees	-	-	385	-	-	-	385	24,738	-	24,738	25,123
Outreach and Awareness	143,401	5	126	-	-	1,104	144,636	12,565	23,047	35,612	180,248
Insurance	26,312	364	3,157	-	-	-	29,833	4,661	-	4,661	34,494
In-Kind Match	-	-	-	-	-	-	-	39,858	6,000	45,858	45,858
Total Expenses by Function	$ 36,828,154	$ 9,251,724	$ 677,778	$ 35,350	$ -	$ 6,634,955	$ 53,427,961	$ 1,568,790	$ 52,870	$ 1,621,660	$ 55,049,621

See accompanying Notes to Financial Statements.

EARLY LEARNING COALITION OF POLK COUNTY
STATEMENT OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ (100,409)	$ 259,443
Adjustments to Reconcile Change in Net Assets to Provided by Operating Activities:		
Depreciation	1,519	-
Change in Operating Right-of-Use Assets and Lease Liabilities	18,866	-
(Increase) Decrease in Assets:		
Due From State of Florida	(1,102,783)	(588,692)
Prepaid Expenses	1,975	(2,139)
Increase (Decrease) in Liabilities:		
Accounts Payable	1,995,243	539,744
Accrued Liabilities	(149,220)	25,111
Deferred Revenue	(367,071)	395,139
Net Cash Provided by Operating Activities	298,120	628,606
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(7,600)	-
Net Cash Used by Investing Activities	(7,600)	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	290,520	628,606
Cash and Cash Equivalents - Beginning of Year	2,823,180	2,194,574
CASH AND EQUIVALENTS - END OF YEAR	$ 3,113,700	$ 2,823,180
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	$ 1,564,966	$ -

See accompanying Notes to Financial Statements.

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES

Organization

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

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

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

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

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

Use of Estimates

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

Basis of Accounting and Financial Statement Presentation

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

Cash and Equivalents

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

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Due from State of Florida

Grants receivable are due from federal and state governmental agencies and recorded when services are provided. The Coalition's receivables as of June 30, 2023 and 2022 are due in less than one year and management believes that all receivables are fully collectible.

Concentration of Credit Risk

Financial instruments, which potentially expose the Coalition to concentrations of credit risk, consist principally of cash bank deposits. The Coalition's policy is to place its cash investments with high quality financial institutions. At June 30, 2023 and 2022, the Coalition had $4,080,692 and $3,432,313, respectively in financial institutions. The Coalition maintains its cash deposits accounts in institutions which are qualified public depositories in Florida pursuant to Chapter 280.07 Florida statutes. The Coalition has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on cash and cash equivalents.

The Coalition received substantially all of its revenue from federal and state contracts during the years ended June 30, 2023 and 2022. The continuance of state and federal funding is subject to annual legislative budgetary review.

Property and Equipment

All acquisitions of office equipment in excess of $5,000 are capitalized. Office equipment is carried at cost or, if donated, at the estimated fair value at the date of donation. Property and equipment of the Coalition is fully depreciated and not presented on the statements of financial position.

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

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

Leases

The Coalition determines if an arrangement is a lease at inception. Operating leases are included in right-of-use (ROU) assets – operating and lease liability – operating in the statement of financial position.

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

ROU assets represent the Coalition's right to use an underlying asset for the lease term and lease liabilities represent the Coalition's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Coalition will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The Coalition has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the statement of financial position.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Coalition has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of all lease liabilities.

The Coalition has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

Net Assets

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

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Coalition had no net assets with donor restrictions as of June 30, 2023 and 2022.

Grants and Contracts

Most of the Coalitions' revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Coalition has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statements of financial position.

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grants and Contracts (Continued)

The Coalition received cost-reimbursable grants of $33,546 and $400,834 that have not been recognized as of June 30, 2023 and 2022, respectively, because qualifying expenditures have not yet been incurred.

Contributions

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

Contributed Nonfinancial Assets

Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The Organization estimates fair value of these in-kind contributions based on the estimate of value of the items received compared to the current market rates of similar occupancy rates, goods and services. The Coalition received contributed goods and services of $75,695 and $47,155, during the years ended June 30, 2023 and 2022, respectively, for managerial services, program services, fundraising advertising, fundraising goods, and program goods, which are included in nonfinancial contributions and the expense categories to which they relate in the statements of activities.

Functional Expenses

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

Income Taxes

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

Management has analyzed its various federal and state filing positions and believes that its income tax filing positions and deductions are well documented and supported and that no accruals for income tax liabilities are necessary. Therefore, no reserves for uncertain income tax positions have been recorded.

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Change in Accounting Principle

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. This new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Coalition adopted the requirements of the guidance effective July 1, 2022, and has elected to apply the provisions of this standard to the beginning of the period of adoption, while continuing to present the comparative period in accordance with the guidance under the lease standard in effect during that period.

The Coalition has elected to adopt the package of practical expedients available in the year of adoption. The Coalition has elected to adopt the available practical expedient to use hindsight in determining the lease term and in assessing impairment of the Coalition's ROU assets.

Subsequent Events

Management has evaluated the effect subsequent events would have on the financial statements through March 6, 2024, the date these financial statements were available to be issued.

NOTE 2 LIQUIDITY AND AVAILABILITY

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

	2023	2022
Cash and Cash Equivalents	$ 3,113,700	$ 2,823,180
Due from the State of Florida	3,643,752	2,540,969
Total	$ 6,757,452	$ 5,364,149

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

NOTE 3 RELATED PARTY TRANSACTIONS

In accordance with applicable regulations, the Coalition's board of directors includes representatives of private and public sector industries. During the fiscal years ended June 30, 2023 and 2022, the Coalition entered into several contracts with certain private and public sector industries, with which certain Coalition board members are associated, for the purpose of providing services to participants. This includes contracts with the School Board, Department of Health, and childcare providers. Total payments to these organizations during the years ended June 30, 2023 and 2022 were $3,150,243 and $1,787,420, respectively, and accounts payable to them at June 30, 2023 and 2022 were $107,105 and $68,565, respectively.

NOTE 4 PROPERTY AND EQUIPMENT

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

	2023	2022
Computer Equipment	$ 152,934	$ 211,351
Total Property and Equipment	152,934	211,351
Less: Accumulated Depreciation	146,853	211,351
Property and Equipment, Net	$ 6,081	$ -

Depreciation expense amounted to $1,519 and $0 for the years ended June 30, 2023 and 2022, respectively.

NOTE 5 LEASES

The Coalition has operating leases for office space in Lakeland, Winter Haven, and Lake Wales, Florida, in addition to various copier leases. Terms range from 3-5 years under long-term, noncancelable lease agreements. The leases have various expirations throughout 2024 and 2025 and provide for renewal options of 3 to 5 years. In the normal course of business, it is expected that these leases will be renewed or replaced by a similar leases.

NOTE 5 LEASES (CONTINUED)

The following tables provide quantitative information concerning the Coalition's leases for the year ended June 30, 2023:

Lease Cost:	
Operating Lease Cost	$ 535,151
Total Lease Cost	$ 535,151
Other Information:	
Cash Paid for Amounts Included in the Measurement of Lease Liabilities	
Operating Cash Flows from Operating Leases	$ 516,285
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	1,564,966
Weighted-Average Remaining Lease Term - Operating Leases	2.3
Weighted-Average Discount Rate - Operating Leases	2.85%

A maturity analysis of annual undiscounted cash flows for lease liabilities as of June 30, 2023, is as follows:

Year Ending June 30,	Operating
2024	$ 512,668
2025	409,864
2026	197,193
2027	1,327
Undiscounted Cash Flows	1,121,053
(Less) Imputed Interest	(35,184)
Total Present Value	$ 1,085,869
Short-Term Lease Liabilities	$ 489,493
Long-Term Lease Liabilities	596,376
Total	$ 1,085,869

Lease Agreements – ASC 840

The Coalition has office leases for office space in Lakeland, Winter Haven, and Lake Wales, Florida, and various smaller leases.

Rent expense for the year ended June 30, 2022 was $535,768.

NOTE 6 COMMITMENTS AND CONTINGENCIES

Federal and State Appropriated Funds

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

Litigation

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

NOTE 7 RETIREMENT PLAN

The Coalition established a 401(k) Plan (the Plan) effective July 1, 2007 for all qualifying employees. All employees at least 18 years of age and with a minimum of one year of service are eligible to participate in the Plan. Contribution components of the Plan are at the discretion of the Coalition and are determined on an annual basis. The Coalition provided for matching contributions of $126,261 and $117,698 to the Plan for the years ended June 30, 2023 and 2022, respectively. Employees are fully vested in their respective accounts funded by salary deferral contributions and rollover contributions. Employees are vested in the Coalition's match contributions at 20% each year for the first five years of service.

NOTE 8 CALCULATION OF MAXIMUM ADMINISTRATIVE EXPENSES

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

June 30, 2023	School Readiness	Voluntary Pre-Kindergarten	Total
Total Administrative Expenses Subject to 5% and 4% Maximum	$ 1,187,280	$ 352,597	$ 1,539,877
Maximum 5% and 4% Administrative Expenses Allowable Per OEL	2,017,820	532,563	2,550,383
Administrative Expenses Under Maximum	$ (830,540)	$ (179,966)	$ (1,010,506)

NOTE 8 CALCULATION OF MAXIMUM ADMINISTRATIVE EXPENSES (CONTINUED)

For the year ended June 30, 2023, administrative expenses incurred for the School Readiness and Voluntary Pre-Kindergarten programs totaled 2.9% and 2.6%, respectively, of the total expenses for School Readiness and Voluntary Pre-Kindergarten as defined by DEL.

June 30, 2022	School Readiness	Voluntary Pre-Kindergarten	Total
Total Administrative Expenses Subject to 5% and 4% Maximum	$ 932,885	$ 244,803	$ 1,177,688
Maximum 5% and 4% Administrative Expenses Allowable Per OEL	1,438,282	379,861	1,818,143
Administrative Expenses Under Maximum	$ (505,397)	$ (135,058)	$ (640,455)

For the year ended June 30, 2022, administrative expenses incurred for the School Readiness and Voluntary Pre-Kindergarten programs totaled 3.2% and 2.6%, respectively, of the total expenses for School Readiness and Voluntary Pre-Kindergarten as defined by DEL.

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Early Learning Coalition of Polk County, which comprise the statement of financial position as of June 30, 2023, 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 6, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

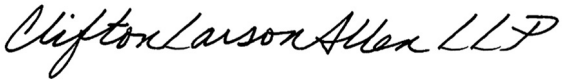
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Report on Compliance and Other Matters

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

Purpose of this Report

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



CliftonLarsonAllen LLP

Lakeland, Florida
March 6, 2024

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

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

Report on Compliance for Each Major Federal Program and State Project

Opinion on Each Major Federal Program and State Project

We have audited Early Learning Coalition of Polk County's 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*, and special audit guidance provided by the Division of Early Learning that could have a direct and material effect on each of Early Learning Coalition of Polk County's major federal programs and state projects for the year ended June 30, 2023. Early Learning Coalition of Polk County's major federal programs and state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Early Learning Coalition of Polk County, Inc. complied, in all material respects, with the 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, 2023.

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 (GAAS); 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 10,650, Rules of the Auditor General. Our responsibilities under those standards and the Uniform Guidance and Chapter 10.650, Rules of the Auditor General are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Early Learning Coalition of Polk County, Inc. 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 and state project. Our audit does not provide a legal determination of Early Learning Coalition of Polk County, Inc.'s compliance with the compliance requirements referred to above.

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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 Early Learning Coalition of Polk County, Inc.'s federal programs and state projects.

Auditors' Responsibility for the Audit of Compliance

Our 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 Early Learning Coalition of Polk County, Inc.'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 GAAS, Government Auditing Standards, and the Uniform Guidance and Chapter 10.650, Rules of the Auditor General 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 Early Learning Coalition of Polk County, Inc.'s compliance with the requirements of each major federal program or state project as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards, and 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 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 Early Learning Coalition of Polk County, Inc.'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 Early Learning Coalition of Polk 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 Chapter 10.650, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of Early Learning Coalition of Polk County, Inc.'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.

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' 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. Accordingly, this report is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Lakeland, Florida
March 6, 2024

EARLY LEARNING COALITION OF POLK COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2023

Grantor/Program Title	Assistance Listing Number or CSFA	Pass-Through Entity Number	Expenditures	Transfer to Subrecipients
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
School Readiness Cluster:				
Passed-Through Florida's Division of Early Learning for School Readiness Services:				
Temporary Assistance for Needy Families Cluster	93.558	EL423	$ 3,260,601	$ -
Social Services Block Grant	93.667	EL423	15,865	-
ESSA Preschool Development Grants Birth Through Five	93.434	EL423	17,461	-
Child Care Development Fund Cluster				
Child Care and Development Block Grant	93.575	EL423	18,618,586	-
CRRSA Discretionary Fund	93.575	EL423	721,184	-
ARPA Discretionary Stabilization Funds	93.575	EL423	35,006,188	-
Total			54,345,958	-
Education Stabilization Fund	84.425D	EL423	20,706	-
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	EL423	11,288,254	-
Total School Readiness Cluster			68,948,845	-
Passed-Through Florida Association of Healthy Start Coalitions, Inc.:				
Florida Maternal, Infant and Early Childhood Home Visiting	93.505	MIECHV	147,270	-
Total Expenditures of Federal Awards			$ 69,096,115	$ -
STATE OF FLORIDA DEPARTMENT OF EDUCATION				
Passed-Through Florida's Division of Early Learning				
Voluntary Pre-Kindergarten Education Program	48.108	EL423	$ 12,179,684	$ -
Total Voluntary Pre-Kindergarten Education Program			12,179,684	-
Total Expenditures of State Financial Assistance			$ 12,179,684	$ -

EARLY LEARNING COALITION OF POLK COUNTY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
JUNE 30, 2023

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards and state financial assistance (the Schedule) includes the federal award and state financial assistance activity of Early Learning Coalition of Polk County, Inc. under programs of the federal and state government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and Rules of the Auditor General, Chapter 10.650 *Florida Single Audit Act Audits – Nonprofit and For-Profit Organizations*, issued by the Auditor General of the state of Florida. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

See reconciliation below noting the revenues from the Statement of Activities for School Readiness are recorded in excess of the Schedule of Federal Awards and State Financial Assistance awarded as of June 30, 2023.

Government Grants:	
School Readiness	$ 68,948,845

Schedule of Expenditures of Federal Awards and State Financial Assistance	CFDA	Award Number	Expenditures
Child Care and Development Block Grant	93.575	EL423	$ 18,618,586
CRRSA Discretionary Fund	93.575	EL423	721,184
ARPA Discretionary Stabilization	93.575	EL423	35,006,188
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	EL423	11,288,254
Education Stabilization Fund	84.425D	EL423	20,706
ESSA Preschool Development Grants Birth Through Five	93.434	EL423	17,461
Temporary Assistance for Needy Families	93.558	EL423	3,260,601
Social Services Block Grant	93.667	EL423	15,865
Total School Readiness Expenditures			$ 68,948,845

EARLY LEARNING COALITION OF POLK COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023

Section I – Summary of Auditors' Results

Financial Statements

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

Federal and State Awards

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

Identification of Major Federal Programs

Assistance Listing Numbers	Name of Federal Program or Cluster
93.575	Child Care and Development Block Grant
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund

Identification of Major State Programs

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

EARLY LEARNING COALITION OF POLK COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023

Section I – Summary of Auditors' Results (Continued)

Dollar threshold used to distinguish between Type A and Type B programs:	$2,072,883	
Auditee qualified as low-risk auditee?	X yes	no

Section II – Enhanced Fields System (EFS) Monthly Reconciliation

EFS reconciled monthly to Coalition financial records	X yes	no
Processes in place to identify and correct errors during monthly reconciliations to EFS	X yes	no
Coalition's financial records reconcile and agree to EFS records as of program year ended, June 30, 2023	X yes	no
Audit work papers documenting verification of reconciliations available to DEL staff	X yes	no

Section III – Financial Statement Audit

There were no current year findings.

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

There were no current year findings.

Section V – Status of Prior Year Audit Findings

There were no prior year findings.

Section VI – Other Issues

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