

**SCHOOL READINESS  
COALITION OF SARASOTA  
COUNTY, INC. d/b/a  
EARLY LEARNING  
COALITION OF  
SARASOTA COUNTY**

**Financial Statements  
and Supplemental  
Information**

**Years Ended  
June 30, 2017 and 2016**

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## INDEPENDENT AUDITORS' REPORT

### *Partners*

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Darby M. Hauck

To the Board of Directors of  
School Readiness Coalition of Sarasota County, Inc.  
Sarasota, Florida

### **Report on the Financial Statements**

We have audited the accompanying financial statements of School Readiness Coalition of Sarasota County, Inc. (a nonprofit organization), d/b/a Early Learning Coalition of Sarasota County, which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of School Readiness Coalition of Sarasota County, Inc. as of June 30, 2017 and 2016, 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.

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American Institute of  
Certified Public  
Accountants

Florida Institute of  
Certified Public  
Accountants

**Other Matters***Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and State of Florida Chapter 10.650, *Rules of the Auditor General*, and special audit guidance provided by the Office of Early Learning, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 17, 2018, on our consideration of School Readiness Coalition of Sarasota County, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 School Readiness Coalition of Sarasota County, Inc.'s internal control over financial reporting and compliance.

*Moss, Krusick & Associate, LLC*

Winter Park, Florida  
January 17, 2018

**School Readiness Coalition of Sarasota County, Inc. d/b/a  
Early Learning Coalition of Sarasota County**

**STATEMENTS OF FINANCIAL POSITION**

**June 30, 2017 and 2016**

<b>ASSETS</b>		<u>2017</u>	<u>2016</u>
<b>Current Assets</b>			
Cash		\$ 332,372	\$ 253,004
Contracts and grants receivable		877,083	896,316
Prepaid assets		<u>7,378</u>	<u>15,425</u>
Total current assets		<u>1,216,833</u>	<u>1,164,745</u>
<b>Furniture and Equipment</b>			
Furniture and equipment		25,165	25,165
Less accumulated depreciation		<u>(25,165)</u>	<u>(25,165)</u>
Total furniture and equipment		<u>-</u>	<u>-</u>
Total assets		<u><u>\$ 1,216,833</u></u>	<u><u>\$ 1,164,745</u></u>
<b>LIABILITIES AND NET ASSETS</b>			
<b>Current Liabilities</b>			
Accounts payable		\$ 814,324	\$ 788,752
Accrued payroll and benefits		51,411	57,520
Advances payable to grantor agency		58,981	34,722
Deferred revenue		<u>37,000</u>	<u>76,062</u>
Total current liabilities		<u>961,716</u>	<u>957,056</u>
Commitments and contingencies		<u>-</u>	<u>-</u>
<b>Net Assets</b>			
Unrestricted		<u>255,117</u>	<u>207,689</u>
Total liabilities and net assets		<u><u>\$ 1,216,833</u></u>	<u><u>\$ 1,164,745</u></u>

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

**School Readiness Coalition of Sarasota County, Inc. d/b/a  
Early Learning Coalition of Sarasota County**

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**

**Years Ended June 30, 2017 and 2016**

Revenue:	2017	2016
Florida's Office of Early Learning		
School readiness services	\$ 5,942,040	\$ 5,949,784
Voluntary pre-kindergarten services	4,845,292	4,849,981
Sarasota County program funding	575,428	644,428
Local grants	76,204	32,258
Other income	57,974	64,981
In-kind revenue	44,454	46,802
	<b>11,541,392</b>	<b>11,588,234</b>
Expenses:		
Program services		
School readiness services	6,147,802	6,282,176
Voluntary pre-kindergarten services	4,752,469	4,731,000
Other quality programs	210,360	132,079
	<b>11,110,631</b>	<b>11,145,255</b>
Supporting services		
Administrative	383,333	410,588
	<b>11,493,964</b>	<b>11,555,843</b>
Increase in net assets	47,428	32,391
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b>207,689</b>	<b>175,298</b>
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 255,117</b>	<b>\$ 207,689</b>

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

**School Readiness Coalition of Sarasota County, Inc. d/b/a  
Early Learning Coalition of Sarasota County**

**STATEMENT OF FUNCTIONAL EXPENSES**

Year Ended June 30, 2017

	Program Services			Supporting Services		
	School Readiness Services	Voluntary Pre-Kindergarten Services	Other Quality Programs	Total Program Expenses	Administrative	Total
Child care payments	\$ 5,124,384	\$ 4,679,544	\$ 20,697	\$ 9,824,625	\$ -	\$ 9,824,625
Salaries and wages, employee benefits and payroll costs	635,772	49,003	-	684,775	206,673	891,448
Professional fees	191,875	6,194	24	198,093	46,042	244,135
Provider training and Quality support	13,293	-	158,778	172,071	-	172,071
Building occupancy	59,093	3,917	-	63,010	12,668	75,678
Parent education materials	31,228	7,049	30,065	68,342	1,154	69,496
Telephone and internet	37,006	1,886	484	39,376	13,377	52,753
In-kind expense	-	-	-	-	44,454	44,454
Accounting fees	-	1,215	-	1,215	37,766	38,981
Printing and copying	19,645	1,045	-	20,690	3,572	24,262
Insurance expense	14,826	1,213	182	16,221	4,302	20,523
Office supplies	9,849	667	-	10,516	1,870	12,386
Travel and training	4,873	407	123	5,403	1,502	6,905
Postage	4,203	329	-	4,532	2,031	6,563
Membership and bank fees	-	-	7	7	4,875	4,882
Other expenses	1,755	-	-	1,755	3,047	4,802
<b>Total expenses</b>	<b>\$ 6,147,802</b>	<b>\$ 4,752,469</b>	<b>\$ 210,360</b>	<b>\$ 11,110,631</b>	<b>\$ 383,333</b>	<b>\$ 11,493,964</b>

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

**School Readiness Coalition of Sarasota County, Inc. d/b/a  
Early Learning Coalition of Sarasota County**

**STATEMENT OF FUNCTIONAL EXPENSES**

**Year Ended June 30, 2016**

	<b>Program Services</b>			<b>Supporting Services</b>		
	<b>School Readiness Services</b>	<b>Voluntary Pre-Kindergarten Services</b>	<b>Other Quality Programs</b>	<b>Total Program Expenses</b>	<b>Administrative</b>	<b>Total</b>
Child care payments	\$ 5,236,721	\$ 4,673,408	\$ 32,705	\$ 9,942,834	\$ -	\$ 9,942,834
Salaries and wages, employee benefits and payroll costs	665,756	41,499	4,525	711,780	217,820	929,600
Professional fees	187,683	379	7,621	195,683	50,108	245,791
Provider training and Quality support	7,222	-	85,696	92,918	-	92,918
Building occupancy	59,090	3,533	-	62,623	15,032	77,655
Telephone and internet	45,036	3,366	726	49,128	12,218	61,346
In-kind expense	-	-	-	-	46,802	46,802
Accounting fees	-	-	-	-	43,250	43,250
Parent education materials	17,260	5,415	636	23,311	-	23,311
Insurance expense	14,711	965	65	15,741	4,601	20,342
Printing and copying	15,460	825	-	16,285	3,543	19,828
Office supplies	11,956	717	52	12,725	3,240	15,965
Travel and training	7,575	395	53	8,023	2,781	10,804
Postage	6,651	417	-	7,068	2,936	10,004
Other expenses	5,117	-	-	5,117	3,004	8,121
Membership and bank fees	46	-	-	46	4,790	4,836
Equipment	1,892	81	-	1,973	463	2,436
<b>Total expenses</b>	<b><u>\$ 6,282,176</u></b>	<b><u>\$ 4,731,000</u></b>	<b><u>\$ 132,079</u></b>	<b><u>\$ 11,145,255</u></b>	<b><u>\$ 410,588</u></b>	<b><u>\$ 11,555,843</u></b>

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



**School Readiness Coalition of Sarasota County, Inc. d/b/a  
Early Learning Coalition of Sarasota County**

**STATEMENTS OF CASH FLOWS**

**Years Ended June 30, 2017 and 2016**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u>2017</u>	<u>2016</u>
Change in net assets	\$ 47,428	\$ 32,391
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
(Increase) decrease in assets:		
Contracts and grants receivable	19,233	(146,534)
Prepaid assets	8,047	1,148
Increase (decrease) in liabilities:		
Accounts payable	25,572	159,379
Accrued payroll and benefits	(6,109)	6,869
Advances payable to grantor agency	24,259	180
Deferred revenue	<u>(39,062)</u>	<u>(31,249)</u>
Net cash provided by operating activities	<u>79,368</u>	<u>22,184</u>
Net increase in cash	79,368	22,184
<b>CASH - BEGINNING OF YEAR</b>	<u>253,004</u>	<u>230,820</u>
<b>CASH - END OF YEAR</b>	<u><u>\$ 332,372</u></u>	<u><u>\$ 253,004</u></u>

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

**School Readiness Coalition of Sarasota County, Inc. d/b/a  
Early Learning Coalition of Sarasota County**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2017 and 2016**

**NOTE A - ORGANIZATION**

The School Readiness Coalition of Sarasota County, Inc. (the Coalition), d/b/a Early Learning Coalition of Sarasota County, is a not-for-profit organization incorporated in the State of Florida in 2000. The Coalition's purpose is to provide administration and oversight of federal, state and local funds that ensure an integrated school readiness program offering a broad range of services to enhance the overall system of quality childcare and early education services for preschool children in Sarasota County. This includes state and local funds for financial assistance for income eligible families under the original Florida School Readiness Act of 1999, the Voluntary Pre-Kindergarten (VPK) program for all 4 year olds, implemented by the Florida Legislature in 2005 in response to the Constitutional Amendment passed by the state's citizens in 2002, and Child Care Resource and Referral services providing information regarding quality child care for all families, regardless of income. The Coalition is also responsible for the coordination of local efforts to ensure that young children are prepared for success in school and that child care providers educate and care for preschool children in appropriate, high quality early learning environments that meet legislative mandates.

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

1. Functional allocation of expenses

The cost of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited as shown in the statements of functional expenses.

Administration: This designation includes the functions necessary to maintain the Coalition's programs and activities; to provide coordination and articulation of the Coalition's program strategy through oversight of an executive director; to secure the proper administrative functioning of the board of directors; and to manage the financial and budgetary responsibilities of the Coalition.

Programs: The following programs are included in the accompanying financial statements: School Readiness - programs to provide financial scholarships for child care for eligible parents and to empower parents as a child's first teacher and help them prepare their children to be ready for school. Voluntary Pre-Kindergarten - program available for every four-year old in Florida for 540 hours of care in either a traditional school year or a summer program. Quality Improvement System (QIS) – program which oversees the implementation of a local Quality Rating System for child care providers to support high quality early learning environments. A portion of the School Readiness program funds designated for quality expenses also go toward QIS activities.

**School Readiness Coalition of Sarasota County, Inc. d/b/a  
Early Learning Coalition of Sarasota County**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2017 and 2016**

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

2. Use of estimates

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

3. 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.

The Coalition reports information regarding its financial position and activities according to three classes of net assets. A description of the three net asset categories follows:

Unrestricted – net assets not subject to donor-imposed stipulations.

Temporarily Restricted – net assets subject to donor-imposed stipulations that may or will be met by actions of the Coalition and/or passage of time.

Permanently Restricted – net assets subject to donor-imposed stipulations that they be maintained permanently by the Coalition.

4. Revenue recognition

Revenues from financial assistance programs are reported as increases in unrestricted net assets because the related restrictions are satisfied in the period in which the support is recognized.

Federal and State government and public grants are recorded as revenue on a cost reimbursement basis under the terms of the grant agreement. Some grants and contracts awarded to the Coalition by local agencies are on a standard rate basis. Revenues are recognized as units of service are delivered on these contracts.

The Coalition received advance funding on several program awards, which qualify as deferred revenue under generally accepted accounting principles until the related services are delivered. The total amount of all deferred revenue was \$37,000 and \$76,062 at June 30, 2017 and 2016 respectively.

**School Readiness Coalition of Sarasota County, Inc. d/b/a  
Early Learning Coalition of Sarasota County**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2017 and 2016**

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

5. 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. The Coalition maintains its cash deposits accounts in institutions which are Federal Deposit Insurance Corporation insured, and which provide coverage on balances up to \$250,000 per depositor per institution.

The Coalition maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. 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 acknowledges that balances over the insured amount are subject to risk.

6. Contracts and grants receivable

Accounts receivable, which consists principally of grants due from federal and state governmental agencies, are recorded when services are provided. The Coalition's receivables as of June 30, 2017 and 2016 are due in less than one year and management believes all receivables are fully collectible.

7. Donated services, materials and facilities

Donated services, materials and facilities that are measurable are recorded as in-kind revenue at their fair market values at the date of receipt by the Coalition. A corresponding amount is recorded as expense or property and equipment. Donated services, materials and facilities aggregating \$44,454 and \$46,802 for the years ended June 30, 2017 and 2016 respectively, are included in both revenues and expenses in the statement of activities and changes in net assets.

8. Furniture and equipment

The Coalition's policy is to capitalize furniture and equipment with a cost in excess of \$5,000 and a useful life greater than one year. Depreciation is provided on a straight-line basis over the estimated useful lives of three to five years.

Furniture and equipment 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.

**School Readiness Coalition of Sarasota County, Inc. d/b/a  
Early Learning Coalition of Sarasota County**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2017 and 2016**

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

9. Income taxes

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

Management has analyzed the Coalition's various federal and state filing positions and believes that its income tax filing positions and deductions are well documented and supported and that no accruals for tax liabilities are necessary. Therefore, no reserves for uncertain income tax positions have been recorded. The Coalition remains subject to examination by the Internal Revenue Service for the years ended June 30, 2015 through June 30, 2017.

10. Advances payable to grantor agency

The Coalition receives advances on grant awards to meet its cash flow needs. As a result, these amounts are recorded as advances payable to the grantor agency in the statement of financial position until the amounts are paid back to the grantor agency as part of the agreement. Amounts not paid back at the end of the period are considered liabilities until paid back or forgiven by the grantor agency.

11. Recent accounting pronouncements

In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, Leases, that requires lessees to put most leases on their balance sheets and recognize expenses on their income statements in a manner similar to today's capital lease accounting. The guidance also eliminates today's real estate specific provisions for all entities. For lessors, the guidance modifies the classification criteria for accounting for sales-type and direct financing leases. The new guidance is effective for fiscal years beginning after December 15, 2019. Early adoption is permitted. The Coalition is evaluating the potential effects ASU 2016-02 will have on its financial statements.

In August 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which is designed to help not-for-profits tell their stories through their financial statements. Not-for-profit financial statements have been prepared under the FASB's current guidance since 1993. The new standard changes presentation and disclosure requirements with the intention of helping not-for-profits provide more relevant information about their resources—and the changes in those resources—to donors, grantors, creditors, and other financial statement users. Specifically, ASU 2016-14 decreases the number of net asset classes from three to two, requires disclosure of qualitative information on liquid resources and liquidity risks for meeting cash needs for general expenses within one year, requires reporting and analysis of expenses by function and nature, and enhances reporting and disclosures about underwater endowments. The new net asset classes will be *net assets with donor restrictions* and *net assets without donor restrictions*.

**School Readiness Coalition of Sarasota County, Inc. d/b/a  
Early Learning Coalition of Sarasota County**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2017 and 2016**

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

11. Recent accounting pronouncements (continued)

The standard will take effect for annual financial statements issued for fiscal years beginning after December 15, 2017, and early application of the standard is permitted. The Coalition is currently assessing the impact the new standard will have on its financial statements.

The FASB recently issued new accounting pronouncement on revenue recognition, which is effective beginning in 2018. Early adoption is permitted. The coalition is evaluating the impact of the new pronouncement on its financial statements.

12. Subsequent events

Management has evaluated the effect subsequent events would have on the financial statements through the date these financial statements were available to be issued on January 17, 2018.

**NOTE C - COMMITMENTS AND CONTINGENCIES**

1. Federal and state appropriated funds

The Coalition received 93% of its support from the federal and state governments in the form of grants for the years ended June 30, 2017 and 2016. A significant reduction in the level of this support, if this were to occur, may have a significant effect on the Coalition's programs and activities.

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.

2. Operating lease

The Coalition has entered into a non-cancelable operating lease agreement for its administrative offices. The Coalition has also entered into operating leases for equipment and storage. Future minimum annual rent payments for the operating leases are as follows for the fiscal years ending June 30,

2018	\$ 69,941
2019	69,079
2020	<u>42,844</u>
	<u>\$ 181,864</u>

**School Readiness Coalition of Sarasota County, Inc. d/b/a  
Early Learning Coalition of Sarasota County**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2017 and 2016**

**NOTE C - COMMITMENTS AND CONTINGENCIES (continued)**

Rent expense, included in building occupancy in the Statement of Functional Expenses, for the years ended June 30, 2017 and 2016 was \$56,868 and \$58,697 for leased office and storage space, respectively. Rent expense for leased equipment included in printing and copying in the Statement of Functional Expenses for the years ended June 30, 2017 and 2016 totaled \$14,193 and \$14,490, respectively.

**NOTE D - CONTRACTS AND GRANTS RECEIVABLE**

Contracts and grants receivable consisted of the following amounts at June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Florida's Office of Early Learning	\$ 786,499	\$ 778,503
Sarasota County Program	78,346	104,367
Community Foundation	12,238	4,546
University of Florida	<u>-</u>	<u>8,900</u>
Total contracts and grants receivable	<u>\$ 877,083</u>	<u>\$ 896,316</u>

**NOTE E - MATCH REQUIREMENTS**

The U.S. Department of Health and Human Services funding, which passed through the Florida's Office of Early Learning, School Readiness Program contract SR-457, provided for subsidized child care services and required local match of six-percent (6%) for certain services for "at risk" children. During the years ended June 30, 2017 and 2016, the local matching requirements were met.

**NOTE F - 401K PLAN**

The Coalition provides a 401(k) retirement plan for its employees. All regular full-time employees who are at least 21 years of age or older and have performed six months of credited service are eligible to participate. The Coalition matches participants' contribution to the retirement plan up to 5% of the individual participant's annual pay. For the years ended June 30, 2017 and 2016, the Coalition's total contribution to the plan was \$19,989 and \$18,930, respectively.

**NOTE G - RELATED PARTY TRANSACTIONS**

The Coalition has reviewed fiscal 2017 and 2016 transactions and June 30, 2017 and 2016 balances for related parties and noted none requiring disclosure in the financial statements.

**School Readiness Coalition of Sarasota County, Inc. d/b/a  
Early Learning Coalition of Sarasota County**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2017 and 2016**

**NOTE H - SCHEDULE OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**

The schedule of expenditures of federal awards and state financial assistance follows the modified accrual basis of accounting, which is a different basis of accounting as that used in the preparation of the financial statements. During the year ended June 30, 2016, the Coalition made payments to providers for services rendered in excess of the contract amounts available under the federal programs. The Florida Office of Early Learning, the pass-through entity for the programs, approved reimbursement of the excess amounts; however, the related expenditures and reimbursement are attributable to the 2015-2016 and 2016-2017 contracts. Accounting principles generally accepted in the United States of America require recognition of the expenditures in the period incurred and recognition of the corresponding reimbursement once the amount is earned and collection is certain. Reconciliations of the schedule of expenditures of federal awards and state financial assistance to federal and state expenditures included in the statement of activities is as follows:

	2017
Federal expenditures – schedule of federal awards	\$ 5,931,555
Expenditures / reimbursements from the University of Florida recognized in School Readiness services	22,225
Expenditures / reimbursements from 2016-2017 contract recognized in the 2016 financial statements	(11,740)
Federal expenditures – statement of activities and changes in net assets	\$ 5,942,040
	2016
Federal expenditures – schedule of federal awards	\$ 6,389,359
Expenditures / reimbursements from 2016-2017 contract recognized in the 2016 financial statements	11,740
Expenditures / reimbursements from 2015-2016 contract recognized in the 2015 financial statements	(451,315)
Federal expenditures – statement of activities and changes in net assets	\$ 5,949,784



**SUPPLEMENTAL INFORMATION**



**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**

**Partners**

W. Ed Moss, Jr.  
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Bob P. Marchewka  
Ric Perez  
James R. Dexter  
Thomas F. Regan  
Ernie R. Janvrin  
Paul F. Smyth  
Darby M. Hauck

To the Board of Directors of  
School Readiness Coalition of Sarasota County, Inc.  
Sarasota, 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 School Readiness Coalition of Sarasota County, Inc. (the "Coalition") (a nonprofit organization), d/b/a Early Learning Coalition of Sarasota County, which comprise the statement of financial position as of June 30, 2016, 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 January 17, 2018.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered School Readiness Coalition of Sarasota County, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of School Readiness Coalition of Sarasota County, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Coalition's internal control.

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

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether School Readiness Coalition of Sarasota County, Inc.'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

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

*Moss, Krusick & Associates, LLC*

Winter Park, Florida  
January 17, 2018

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

**Partners**

W. Ed Moss, Jr.  
Joe M. Krusick  
Cori G. Cameron  
Bob P. Marchewka  
Ric Perez  
James R. Dexter  
Thomas F. Regan  
Ernie R. Janvrin  
Paul F. Smyth  
Darby M. Hauck

To the Board of Directors of  
School Readiness Coalition of Sarasota County, Inc.  
Sarasota, Florida

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

We have audited School Readiness Coalition of Sarasota County, Inc., d/b/a Early Learning Coalition of Sarasota County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement*, and the requirements described in the *Department of Financial Services' State Projects Compliance Supplement*, and special audit guidance provided by the Office of Early Learning that could have a direct and material effect on each of School Readiness Coalition of Sarasota County, Inc.'s major federal programs and state projects for the year ended June 30, 2017. School Readiness Coalition of Sarasota County, Inc.'s major federal programs and state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal awards and state financial assistance applicable to its federal programs and state projects.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of School Readiness Coalition of Sarasota County, Inc.'s major federal programs and state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.650, *Rules of the Auditor General*, and special audit guidance provided by the Office of Early Learning. Those standards and the Uniform Guidance and Chapter 10.650, *Rules of the Auditor General*, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about School Readiness Coalition of Sarasota County, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program and state project. However, our audit does not provide a legal determination of School Readiness Coalition of Sarasota County, Inc.'s compliance.

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

In our opinion, School Readiness Coalition of Sarasota County, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended June 30, 2017.

**Report on Internal Control Over Compliance**

Management of School Readiness Coalition of Sarasota County, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered School Readiness Coalition of Sarasota County, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state project and to test and report on internal control over compliance in accordance with the Uniform Guidance, and Chapter 10.650, *Rules of the Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of internal control over

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

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

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

*Moss, Krusick & Associates, LLC*

Winter Park, Florida  
January 17, 2018

**School Readiness Coalition of Sarasota County, Inc. d/b/a  
Early Learning Coalition of Sarasota County**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**

**June 30, 2017**

**Section I – Summary of Auditors’ Results**

**Financial Statements**

- |   |               |
|---|---------------|
| 1. Type of auditors’ report issued:   | Unmodified    |
| 2. Internal control over financial reporting:   |               |
| a. Material weakness(es) identified?  | No            |
| b. Significant deficiencies identified that are not considered to be material weaknesses? | None reported |
| 3. Noncompliance material to financial statements noted?                                  | No            |

**Federal Awards**

- |   |               |
|---|---------------|
| 1. Type of auditors’ report issued on compliance for major programs:                                  | Unmodified    |
| 2. Internal control over major programs:  |               |
| a. Material weakness(es) identified?  | No            |
| b. Significant deficiencies identified that are not considered to be material weaknesses?             | None reported |
| 3. Audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? | N/A           |
| 4. Dollar threshold used to distinguish between Type A and Type B programs                            | \$750,000     |
| 5. Auditee qualified as low-risk auditee?   | Yes           |

Identification of major programs:

<u>Name of Federal Program</u>	<u>CFDA Number</u>
Child Care and Development Block Grant	93.575
Child Care Mandatory and Matching Funds Of the Child Care and Development Fund	93.596
Temporary Assistance for Needy Families	93.558

**School Readiness Coalition of Sarasota County, Inc. d/b/a  
Early Learning Coalition of Sarasota County**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**

**June 30, 2017**

**Section I – Summary of Auditors’ Results (continued)**

**State Financial Assistance**

- |  |               |
|--|---------------|
| 1. Type of auditors’ report issued on compliance for major projects:   | Unmodified    |
| 2. Internal control over major projects:   |               |
| a. Material weakness(es) identified?   | No            |
| b. Significant deficiencies identified that are not considered to be material weaknesses?  | None reported |
| 3. Audit findings disclosed that are required to be reported in accordance with the Florida Single Audit Act and Chapter 10.650, <i>Rules of the Auditor General</i> | N/A           |
| 4. Dollar threshold used to distinguish between Type A and Type B projects   | \$750,000     |

Identification of major projects:

<u>Name of State Project</u>	<u>CSFA Number</u>
Voluntary Pre-Kindergarten	48.108

**Section II – Enhanced Fields System (EFS) monthly reconciliation**

- |  |     |
|--|-----|
| 1. EFS reconciled monthly  | Yes |
| 2. Processes in place to identify and correct errors during monthly reconciliations to EFS                 | Yes |
| 3. Coalition’s financial records reconcile and agree to EFS records as of program year ended June 30, 2017 | Yes |
| 4. Audit work papers documenting verification of reconciliations available to OEL staff                    | Yes |

**Section III – Financial Statement Findings**

None (no corrective action plan or management letter required)

**Section IV - Federal Award and State Programs Findings and Questioned Costs**

None reported (no corrective action plan or management letter required)

**Section V - Status of Prior Year Audit Findings**

None reported (no corrective action plan or management letter required)

**School Readiness Coalition of Sarasota County, Inc. d/b/a  
Early Learning Coalition of Sarasota County**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**

**Year Ended June 30, 2017**

Grantor/Program Title	CFDA CSFA #	Award Number	Expenditures
Federal Awards:			
<b>U.S. Department of Health and Human Services</b>			
<i>Passed through State of Florida's Office of Early Learning for School Readiness Services</i>			
Child Care and Development Block Grant	93.575	SR457	\$ 1,393,778
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	SR457	<u>2,528,803</u>
Total Child Care and Development Fund Cluster			<u>3,922,581</u>
Temporary Assistance for Needy Families	93.558	SR457	1,853,883
Performance Funding Project	93.575	PP457	148,016
Social Services Block Grant	93.667	SR457	<u>7,075</u>
Total Expenditures of Federal Awards			<u>\$ 5,931,555</u>
State Financial Assistance:			
<b>State of Florida Department of Education</b>			
<i>Passed through State of Florida's Office of Early Learning</i>			
Voluntary Pre-Kindergarten Services	48.108	SV457	\$ 4,829,885
Outreach, Awareness and Monitoring	48.108	OA457	<u>15,407</u>
Total Expenditures of State Financial Assistance			<u>\$ 4,845,292</u>
Total Expenditures of Federal Awards and State Financial Assistance			<u>\$ 10,776,847</u>

**Basis of Presentation**

The accompanying schedule of expenditures of federal awards and state financial assistance is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), State of Florida Chapter 10.650, *Rules of the Auditor General*, and the Florida Executive Office of the Governor's *State Projects Compliance Supplement*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**Indirect Cost Rates**

The Coalition has elected to not use the 10% de minimis indirect cost rate for its federal programs and state projects for the year ended June 30, 2017. The indirect costs rates used on the Coalition's federal programs and state projects are determined by the relevant federal or state agency.

See independent auditors' report.