

**HILLSBOROUGH COUNTY SCHOOL  
READINESS COALITION, INC.**  
(d/b/a Early Learning Coalition of  
Hillsborough County, Inc.)

**FINANCIAL STATEMENTS**

**Years Ended June 30, 2018 and 2017**

# C O N T E N T S

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	<u>Page Number</u>
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	7
Notes to Financial Statements	9
Schedule of Expenditures of Federal Awards, State Financial Assistance, State Matching of Federal Awards and Local Awards	13
Notes to Schedule of Expenditures of Federal, State, and Local Awards	14
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	15
INDEPENDENT AUDITOR'S MANAGEMENT LETTER	17
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE AND CHAPTER 10.650, <i>RULES OF THE AUDITOR GENERAL</i>	19
Schedule of Findings and Questioned Costs	21



Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
The Hillsborough County School Readiness Coalition, Inc.  
d/b/a Early Learning Coalition of Hillsborough County, Inc.  
Tampa, Florida

We have audited the accompanying statements of financial position of The Hillsborough County School Readiness Coalition, Inc. d/b/a Early Learning Coalition of Hillsborough County (the "Coalition") as of June 30, 2018 and 2017, and the related statements of activities, 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.

### **Auditor's 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 audits 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 auditor's 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.

To the Board of Directors of  
The Hillsborough County School Readiness Coalition, Inc.  
d/b/a Early Learning Coalition of Hillsborough County, Inc.

## **Opinion**

In our opinion, the financial statements referred to in the first paragraph of this report present fairly, in all material respects, the financial position of the Coalition as of June 30, 2018 and 2017, and the results of its activities and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

## **Other Matters**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards, State Financial Assistance, and Local Awards is presented for purposes of additional analysis, as required by 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 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 taken as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2019, on our consideration of the Coalition’s internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Coalition’s internal control over financial reporting and compliance.

*Moore Stephens Lovelace, P.A.*

**MOORE STEPHENS LOVELACE, P.A.**

Certified Public Accountants

Tampa, Florida  
March 27, 2019

**HILLSBOROUGH COUNTY SCHOOL READINESS COALITION, INC.**  
**d/b/a Early Learning Coalition of Hillsborough County, Inc.**

**STATEMENTS OF FINANCIAL POSITION**

**June 30, 2018 and 2017**

<b>ASSETS</b>		<u>2018</u>	<u>2017</u>
<b>CURRENT ASSETS</b>			
Cash		\$ 4,024,647	\$ 4,490,867
Grants receivable		7,428,491	7,018,844
Other assets		<u>300</u>	<u>-</u>
TOTAL ASSETS		<u>\$ 11,453,438</u>	<u>\$ 11,509,711</u>
 <b>LIABILITIES AND NET ASSETS</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable and accrued expenses		\$ 1,566,296	\$ 1,836,859
Due to School District of Hillsborough County		<u>7,943,461</u>	<u>7,898,935</u>
TOTAL CURRENT LIABILITIES		<u>9,509,757</u>	<u>9,735,794</u>
NET ASSETS		<u>1,943,681</u>	<u>1,773,917</u>
TOTAL LIABILITIES AND NET ASSETS		<u>\$ 11,453,438</u>	<u>\$ 11,509,711</u>

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

**HILLSBOROUGH COUNTY SCHOOL READINESS COALITION, INC.**  
**d/b/a Early Learning Coalition of Hillsborough County, Inc.**

**STATEMENTS OF ACTIVITIES**

**Years Ended June 30, 2018 and 2017**

	<b>2018</b>	2017
REVENUES AND SUPPORT		
Program support:		
Grant revenue	\$ 76,751,100	\$ 78,055,668
Other	<u>128,654</u>	<u>51,956</u>
TOTAL REVENUES AND SUPPORT	<b>76,879,754</b>	78,107,624
EXPENSES		
Program services:		
School Readiness	46,154,630	46,196,858
Quality Counts for Kids	128,295	1,123,885
Voluntary Pre-K	28,323,457	28,031,762
Other programs	<u>299,819</u>	<u>478,765</u>
TOTAL PROGRAM SERVICES	<b>74,906,201</b>	75,831,270
Supporting services:		
Management and general	<u>1,803,789</u>	<u>1,912,764</u>
TOTAL EXPENSES	<u><b>76,709,990</b></u>	<u>77,744,034</u>
CHANGE IN NET ASSETS	<b>169,764</b>	363,590
UNRESTRICTED NET ASSETS, BEGINNING OF YEAR	<u>1,773,917</u>	<u>1,410,327</u>
UNRESTRICTED NET ASSETS, END OF YEAR	<u><u><b>\$ 1,943,681</b></u></u>	<u><u>\$ 1,773,917</u></u>

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

**HILLSBOROUGH COUNTY SCHOOL READINESS COALITION, INC.**  
**d/b/a Early Learning Coalition of Hillsborough County, Inc.**

**STATEMENTS OF FUNCTIONAL EXPENSES**

**Year Ended June 30, 2018**

	Program Services				Total	Support Services	2018
	School Readiness	Quality Counts for Kids	Voluntary Pre-K	Other Programs		Management and General	
Salaries	\$ 1,841,408	\$ 71,795	\$ 369,774	\$ (7,560)	\$ 2,275,417	\$ 599,776	\$ 2,875,193
Fringe benefits	537,847	30,339	156,293	8,836	733,315	186,467	919,782
<b>TOTAL SALARIES AND RELATED EXPENSES</b>	<b>2,379,255</b>	<b>102,134</b>	<b>526,067</b>	<b>1,276</b>	<b>3,008,732</b>	<b>786,243</b>	<b>3,794,975</b>
Payments to subrecipients	43,420,556	15,511	19,425	117,729	43,573,221	-	43,573,221
Payments to providers	-	-	27,772,071	-	27,772,071	-	27,772,071
Office supplies and equipment	285,171	730	643	74,994	361,538	69,645	431,183
Contractual services	-	-	399	53,915	54,314	299,565	353,879
Rent and utilities	23,335	7,898	-	4,547	35,780	314,880	350,660
Maintenance contracts	6,393	754	117	-	7,264	127,696	134,960
Accounting and auditing	-	-	-	-	-	62,667	62,667
Promotional activities	3,990	-	3,831	30,251	38,072	5,710	43,782
Dues and memberships	6,656	-	-	3,246	9,902	33,095	42,997
Printing and copying	4,601	161	-	4,905	9,667	28,765	38,432
Staff training and development	6,119	-	-	7,700	13,819	15,966	29,785
Telephone and communication	2,908	-	-	12	2,920	23,444	26,364
Insurance	865	-	58	8	931	22,119	23,050
Travel	14,466	1,107	828	645	17,046	5,651	22,697
Other	-	-	-	591	591	4,037	4,628
Postage and shipping	-	-	-	-	-	2,683	2,683
Bank charges	-	-	-	-	-	1,623	1,623
Client/Participant Supplies	315	-	18	-	333	-	333
<b>TOTAL EXPENSES</b>	<b>\$ 46,154,630</b>	<b>\$ 128,295</b>	<b>\$ 28,323,457</b>	<b>\$ 299,819</b>	<b>\$ 74,906,201</b>	<b>\$ 1,803,789</b>	<b>\$ 76,709,990</b>

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

**HILLSBOROUGH COUNTY SCHOOL READINESS COALITION, INC.**  
**d/b/a Early Learning Coalition of Hillsborough County, Inc.**

**STATEMENTS OF FUNCTIONAL EXPENSES (Continued)**

**Year Ended June 30, 2017**

	Program Services					Support Services	2017
	School Readiness	Quality Counts for Kids	Voluntary Pre-K	Other Programs	Total	Management and General	
Salaries	\$ 1,231,751	\$ 297,354	\$ 318,253	\$ 119,761	\$ 1,967,119	\$ 460,824	\$ 2,427,943
Fringe benefits	479,141	112,096	131,111	37,003	759,351	162,752	922,103
TOTAL SALARIES AND RELATED EXPENSES	1,710,892	409,450	449,364	156,764	2,726,470	623,576	3,350,046
Payments to subrecipients	44,359,885	392,947	15,959	-	44,768,791	651,691	45,420,482
Payments to providers	-	-	27,531,795	3,275	27,535,070	-	27,535,070
Contractual services	680	162,677	29,759	191,711	384,827	27,256	412,083
Rent and utilities	54,861	54,208	-	23,230	132,299	163,271	295,570
Maintenance contracts	12,040	2,106	50	10,761	24,957	171,834	196,791
Office supplies and equipment	13,271	51,032	1,646	8,946	74,895	97,238	172,133
Accounting and auditing	-	-	-	-	-	60,681	60,681
Promotional activities	5,998	125	600	44,956	51,679	1,164	52,843
Travel	16,918	10,342	1,801	5,396	34,457	13,905	48,362
Staff training and development	6,107	4,013	-	21,922	32,042	10,071	42,113
Printing and copying	7,329	3,750	-	5,563	16,642	17,251	33,893
Books for providers	294	28,606	-	-	28,900	-	28,900
Telephone and communication	2,535	3,995	100	-	6,630	21,754	28,384
Dues and memberships	5,505	-	679	3,324	9,508	14,854	24,362
Insurance	-	-	-	-	-	22,780	22,780
Other	543	-	9	2,232	2,784	5,689	8,473
Bank charges	-	-	-	-	-	7,995	7,995
Postage and shipping	-	634	-	685	1,319	1,754	3,073
TOTAL EXPENSES	\$ 46,196,858	\$ 1,123,885	\$ 28,031,762	\$ 478,765	\$ 75,831,270	\$ 1,912,764	\$ 77,744,034

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



**HILLSBOROUGH COUNTY SCHOOL READINESS COALITION, INC.**  
**d/b/a Early Learning Coalition of Hillsborough County, Inc.**

**STATEMENT OF CASH FLOWS**

**Years Ended June 30, 2018 and 2017**

	<b>2018</b>	<b>2017</b>
OPERATING ACTIVITIES		
Cash received from:		
Grant income	\$ 76,341,453	\$ 84,568,171
Other income	<u>128,354</u>	<u>54,680</u>
TOTAL CASH RECEIVED	<b>76,469,807</b>	84,622,851
Cash paid for:		
Program services	<b>75,132,238</b>	78,930,697
Administrative expenses	<u>1,803,789</u>	<u>1,912,764</u>
TOTAL CASH PAID	<u>76,936,027</u>	<u>80,843,461</u>
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	<u>(466,220)</u>	<u>3,779,390</u>
NET (DECREASE) INCREASE IN CASH	<b>(466,220)</b>	3,779,390
CASH - BEGINNING OF YEAR	<u>4,490,867</u>	<u>711,477</u>
CASH - END OF YEAR	<u><b>\$ 4,024,647</b></u>	<u><b>\$ 4,490,867</b></u>

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

**HILLSBOROUGH COUNTY SCHOOL READINESS COALITION, INC.**  
**d/b/a Early Learning Coalition of Hillsborough County, Inc.**

**STATEMENTS OF CASH FLOWS (Continued)**

**Years Ended June 30, 2018 and 2017**

	<b>2018</b>	<b>2017</b>
RECONCILIATION OF CHANGE IN NET ASSETS TO CASH		
(USED IN) PROVIDED BY OPERATING ACTIVITIES		
Change in net assets	\$ <b>169,764</b>	\$ 363,590
Adjustments to reconcile change in net assets to net cash		
(used in) provided by operating activities:		
(Increase) Decrease in grants receivable	<b>(409,647)</b>	6,642,247
(Increase) Decrease in other assets	<b>(300)</b>	2,724
(Increase) Decrease in accounts payable and accrued expenses	<b>(270,563)</b>	(1,183,016)
Increase (Decrease) in deferred revenue	-	(129,744)
Increase (Decrease) in due to School District of Hillsborough County	<b>44,526</b>	(1,916,411)
	<b>44,526</b>	(1,916,411)
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	<b>\$ (466,220)</b>	<b>\$ 3,779,390</b>

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

**HILLSBOROUGH COUNTY SCHOOL READINESS COALITION, INC.**  
**d/b/a Early Learning Coalition of Hillsborough County, Inc.**

**NOTES TO FINANCIAL STATEMENTS**

**Years Ended June 30, 2018 and 2017**

**NOTE 1 - NATURE OF ORGANIZATION**

Hillsborough County School Readiness Coalition, Inc. d/b/a Early Learning Coalition of Hillsborough County, Inc. (the “Coalition”) is a non-profit corporation organized under the laws of the State of Florida. The Coalition’s role is to develop and administer a comprehensive school readiness program and Voluntary Pre-Kindergarten (“VPK”) delivery system that prepares children to succeed in school and in life. This is an ongoing process that involves building on existing services, working in cooperation with other programs for young children, and coordinating and integrating program funding to achieve efficiency and effectiveness.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES**

**Basis of Accounting**

These financial statements, which are presented on the accrual basis of accounting, have been prepared to focus on the Coalition as a whole and to present revenue, expenses, and net assets based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Unrestricted Net Assets – Net assets not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets – Net assets which are subject to donor-imposed stipulations that may or will be met by actions of the Coalition and/or the passage of time. At June 30, 2018 and 2017, there were no temporarily restricted net assets.

Revenue is reported as increases in net assets without donor restrictions, unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Federal, state, and local grants are considered exchange transactions and are recorded as unrestricted revenue when earned.

Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenue of the net assets without donor restrictions net asset class. Contributions are recognized when the donor makes a promise to give to the Coalition, that is, in substance, unconditional.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES**  
*(Continued)*

**Functional Allocation of Expenses**

Expenses are allocated between program services and management and general. Salaries are allocated based on actual time spent in these activities or administration of programs. Other expenses are allocated based on direct usage or management's estimates of the benefit derived by each activity.

**Use of Estimates**

Management of the Coalition has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities, as well as pro rata allocations in the recording of expenditures, to prepare these financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results could differ from those estimates.

**Income Taxes**

The Coalition is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from state income taxes under similar provisions of the Florida Income Tax Code. Accordingly, no provision for income taxes has been included in the accompanying financial statements. The Coalition is subject to the accounting standards on accounting for uncertainty in income taxes. Management does not believe it has taken any tax positions that are subject to a significant degree of uncertainty. The Coalition's income tax filings for periods after the fiscal year ended June 30, 2015, remain subject to examination.

**Reclassifications**

Certain amounts in 2017 have been reclassified in the accompanying financial statements to conform to the 2018 presentation. Such items had no impact on previously reported change in net assets.

**NOTE 3 - RELATED PARTIES**

The Coalition receives funding from the Children's Board of Hillsborough County ("CBHC") for operation of the Quality Counts for Kids program. The Coalition also receives funding from the CBHC for the local match in the School Readiness program.

The Coalition provides funding to the School District of Hillsborough County ("SDHC") to assist eligible children and families with access to scholarships and school readiness services.

The Coalition also provides funding to the Hillsborough County Board of County Commissioners ("BOCC") Child Care Licensing program. This program ensures compliance with Hillsborough County's local child care licensing ordinance.

**NOTE 3 - RELATED PARTIES (Continued)**

Certain members of the Board of Directors are mandated in the State of Florida School Readiness Act. The related-party members include three personnel from the School District of Hillsborough County, the Executive Director of the CBHC, the BOCC county commissioner, and the general manager of the BOCC Child Care Licensing program.

Approximately \$34,925,000 and \$40,304,000 was paid by the Coalition during the year for services provided by the SDHC and the BOCC, respectively.

**NOTE 4 - DEFERRED COMPENSATION PLAN**

The Coalition sponsors a 401(k) Deferred Compensation Plan (the “Plan”) and makes both Employer Safe Harbor and Employer Profit Sharing Contributions to the Plan.

The Employer Safe Harbor portion of the Plan provides that the employer matches 100% on the first 4% contributed by the employee. Vesting is simultaneous with the contribution. Employees are allowed to contribute on a pre-tax basis, not to exceed amounts dictated by U.S. Treasury Regulations.

The Employer Profit Sharing portion of the Plan provides that the Coalition contribute 6% of an employee’s salary for the fiscal year ended June 30, 2018. Vesting is 100% after 6 years of employment with the Coalition, with a 20% increase in vesting for each year of employment.

**NOTE 5 - CONCENTRATIONS**

Approximately 98% and 95% of the Coalition’s revenue for the years ended June 30, 2018 and 2017, respectively, is provided by the State of Florida Office of Early Learning (“FOEL”).

**NOTE 6 - OPERATING LEASE**

The Coalition leases its office space under an operating lease that expires in fiscal year 2021. Additionally, the Coalition had a lease for a training facility that expired in January 2017 and was not renewed. Total rent expense was approximately \$309,100 and \$280,000 for the years ended June 30, 2018 and 2017, respectively.

Future minimum lease payments under operating leases that have remaining terms in excess of one year as of June 30, 2018, are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2019	\$ 322,338
2020	325,284
2021	330,709
	<u>\$ 978,331</u>

**NOTE 6 - OPERATING LEASE (Continued)**

The Coalition has the option to cancel its office space lease if more than 25% of the Coalition's primary funding is eliminated from the FOEL with no less than six months prior written notice. The Coalition also has the option to cancel the training facility lease upon written notification if government funding is not appropriated or allocated to the Coalition. The funding has been approved by FOEL through June 30, 2019.

**NOTE 7 - COMMITMENTS AND CONTINGENCIES**

The Coalition may be subject to audit examination by funding sources to determine compliance with grant conditions. In the event that expenditures would be disallowed, repayment could be required. Management believes the Coalition is in compliance with the terms of its grant agreements.

**NOTE 8 - SUBSEQUENT EVENTS**

The Coalition has evaluated events and transactions for potential recognition or disclosure in the financial statements through March 27, 2019, which is the date the financial statements were available to be issued.

**HILLSBOROUGH COUNTY SCHOOL READINESS COALITION, INC.**  
**d/b/a Early Learning Coalition of Hillsborough County, Inc.**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS,  
STATE FINANCIAL ASSISTANCE, STATE MATCHING OF FEDERAL AWARDS  
AND LOCAL AWARDS**

**Year Ended June 30, 2018**

Federal Agency/State Agency/Pass-Through Grantor/ Program Title	Grant Period	Federal CFDA #	Contract #	Federal Expenditures	Transferred to Subrecipient
<b>FEDERAL AWARDS</b>					
<b>U.S. Department of Health and Human Services:</b>					
<b>Child Care Development Fund (CCDF) Cluster:</b>					
<i>Passed through State of Florida Office of Early Learning</i>					
Child Care Development Block Grant	7/1/17-6/30/18	93.575	SR 258	\$ 16,844,499	\$ 10,558,153
Child Care Development Block Grant	7/1/17-6/30/18	93.575	PP258	253,056	221,032
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	7/1/17-6/30/18	93.596	SR258	3,043,424	3,043,424
<b>Total Child Care Development Fund (CCDF) Cluster</b>				<u>20,140,979</u>	<u>13,822,609</u>
<i>Passed through State of Florida Office of Early Learning</i>					
Social Services Block Grant	7/1/17-6/30/18	93.667	SR258	16,085	16,085
Temporary Assistance for Needy Families	7/1/17-6/30/18	93.558	SR258	5,879,859	5,879,859
<b>Total Expenditures of Federal Awards</b>				<u>26,036,923</u>	<u>19,718,553</u>
	Grant Period	State CSFA #	Contract #	State Expenditures	Transferred to Subrecipient
<b>STATE FINANCIAL ASSISTANCE</b>					
<b>State of Florida Office of Early Learning</b>					
Voluntary Pre-K	7/1/17-6/30/18	48.108	SV 258	28,891,688	19,425
Unrestricted General	7/1/17-6/30/18	2017-18 SGU	SR258	688,020	688,020
<b>Total Expenditures of State Financial Assistance</b>				<u>29,579,708</u>	<u>707,445</u>
Grantor/Pass-Through Grantor Program Title	Grant Period			Local Expenditures	Transferred to Subrecipient
<b>STATE MATCHING AND LOCAL FUNDS</b>					
<b>Florida Office of Early Learning</b>					
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	7/1/17-6/30/18	93.596	SR 258	13,891,196	13,891,196
Temporary Assistance for Needy Families	7/1/17-6/30/18	93.558	SR 258	5,173,074	5,173,074
<b>Hillsborough County Board of County Commissioners</b>					
Match for School Readiness Funding and Quality	7/1/17-6/30/18			201,420	142,158
<b>City of Tampa</b>					
Community Development Block Grant Match for School Readiness Funding	10/1/17-9/30/18	14.218		100,000	100,000
<b>Children's Board of Hillsborough County, Inc.</b>					
Quality Counts for Kids Program and Operating Match for School Readiness Funding	10/1/16-9/30/17			135,000	15,511
	10/1/16-9/30/17			1,469,957	1,469,957
<b>Total State Matching and Local Funds</b>				<u>20,970,647</u>	<u>20,791,896</u>
<b>Total Federal Awards, State Financial Assistance, and Local Funds</b>				<u>\$ 76,587,278</u>	<u>\$ 41,217,894</u>

**HILLSBOROUGH COUNTY SCHOOL READINESS COALITION, INC.**  
**d/b/a Early Learning Coalition of Hillsborough County, Inc.**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL,  
STATE, AND LOCAL AWARDS**

**Year Ended June 30, 2018**

**(1) General:**

The accompanying Schedule of Expenditures of Federal Awards, State Financial Assistance, and Local Awards include the grant activity of the Coalition and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”), and the Rules of the Executive Office of the Governor 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.

Indirect cost rate is dictated by federal and state contract terms. The 10-percent de minimis indirect cost rate, as allowed under the Uniform Guidance, is not in effect nor is it available under these contracts.

**(2) Other State Financial Assistance Received:**

The Coalition received funding from the FOEL that was not subject to Section 215.97, Florida Statutes, as follows:

<b>Florida’s Office of Early Learning</b>	<b>Contract Number</b>	<b>Current Year Expenditure</b>
<b>A. Matching Funds for Federal Programs:</b>		
State Matching Funds - 93.596 School Readiness CCDF Mandatory and Matching	SR 258	\$ 13,891,196
State Matching Funds - 93.558 Temporary Assistance for Needy Families	SR 258	<u>5,173,074</u>
Total State Funds awarding for Matching		<u><u>\$ 19,064,270</u></u>

**(3) Reconciliation to Statewide School Readiness Data and Reporting System:**

The Coalition performs reconciliations of its financial reports to the Statewide School Readiness Data and Reporting System in a timely and satisfactory manner.





Certified Public Accountants

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

To the Board of Directors of  
The Hillsborough County School Readiness Coalition, Inc.  
d/b/a Early Learning Coalition of Hillsborough County, Inc.  
Tampa, Florida

We have audited the accompanying financial statements of The Hillsborough County School Readiness Coalition, Inc. d/b/a Early Learning Coalition of Hillsborough County (the “Coalition”), as of and for the year ended June 30, 2018, and have issued our report thereon dated March 27, 2019. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

**Internal Control over Financial Reporting**

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or 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.

To the Board of Directors of  
The Hillsborough County School Readiness Coalition, Inc.  
d/b/a Early Learning Coalition of Hillsborough County, Inc.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Coalition's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 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.

*Moore Stephens Lovelace, P.A.*

**MOORE STEPHENS LOVELACE, P.A.**

Certified Public Accountants

Tampa, Florida  
March 27, 2019



## INDEPENDENT AUDITOR'S MANAGEMENT LETTER

To the Board of Directors of  
The Hillsborough County School Readiness Coalition, Inc.  
d/b/a Early Learning Coalition of Hillsborough County, Inc.  
Tampa, Florida

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

We have audited the financial statements of The Hillsborough County School Readiness Coalition, Inc. d/b/a Early Learning Coalition of Hillsborough County (the "Coalition") as of and for the fiscal year ended June 30, 2018, and have issued our report thereon dated March 27, 2019.

### **Auditor's Responsibility**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; 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*.

### **Other Reporting Requirements**

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditor's Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance in Accordance with the Uniform Guidance and Chapter 10.650, *Rules of the Auditor General*, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated March 27, 2019, should be considered in conjunction with this management letter.

### **Additional Matters**

Section 10.654(1)(e), *Rules of the Auditor General*, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements or state project amounts that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

To the Board of Directors of  
The Hillsborough County School Readiness Coalition, Inc.  
d/b/a Early Learning Coalition of Hillsborough County, Inc.

**Purpose of the Letter**

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

*Moore Stephens Lovelace, P.A.*

**MOORE STEPHENS LOVELACE, P.A.**  
Certified Public Accountants

Tampa, Florida  
March 27, 2019



Certified Public Accountants

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

To the Board of Directors of  
The Hillsborough County School Readiness Coalition, Inc.  
d/b/a Early Learning Coalition of Hillsborough County, Inc.  
Tampa, Florida

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

We have audited the compliance of The Hillsborough County School Readiness Coalition, Inc. d/b/a Early Learning Coalition of Hillsborough County (the "Coalition") with the types of compliance requirements described in the U.S. Office of Management and Budget ("OMB") Compliance Supplement, and the requirements described in the Department of Financial Services' State Projects Compliance Supplement, that could have a direct and material effect on each of its major federal programs and state project for the year ended June 30, 2018. The Coalition's major federal programs and state project are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs and state project.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Coalition's major federal programs and state project based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the audit requirements of Title 2 *U.S. Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"); and Chapter 10.650, *Rules of the Auditor General*. Those standards, the Uniform Guidance, and Chapter 10.650, *Rules of the Auditor General*, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about the Coalition'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. However, our audit does not provide a legal determination on the Coalition's compliance with those requirements.

To the Board of Directors of  
The Hillsborough County School Readiness Coalition, Inc.  
d/b/a Early Learning Coalition of Hillsborough County, Inc.

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

In our opinion, the Coalition complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs and state project for the year ended June 30, 2018.

### **Report on Internal Control over Compliance**

The management of the Coalition is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs and the state project. In planning and performing our audit, we considered the Coalition's internal control over compliance with the requirements that could have a direct and material effect on a major federal program or state project to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with Uniform Guidance and Chapter 10.650, *Rules of the Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Coalition'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 the 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 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.

*Moore Stephens Lovelace, P.A.*

**MOORE STEPHENS LOVELACE, P.A.**

Certified Public Accountants

Tampa, Florida  
March 27, 2019

**HILLSBOROUGH COUNTY SCHOOL READINESS COALITION, INC.  
d/b/a Early Learning Coalition of Hillsborough County, Inc.**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**Year Ended June 30, 2018**

**Section I - Summary of Independent Auditor's Results**

***Financial Statements***

Type of Auditor's Report Issued:

**Unmodified Opinion**

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None reported
- Noncompliance material to financial statements noted?  Yes  No

***Federal Awards***

Internal control over major programs:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None reported

Type of report issued on compliance for major federal program:

**Unmodified Opinion**

Any audit findings disclosed that are required to be reported in accordance with Section 200.516 of the Uniform Guidance?  Yes  No

Identification of Major Federal Programs:

**CFDA Numbers**

**Name of Federal Program or Cluster**

93.575, 93.596

Child Care Development Fund Cluster

Dollar threshold used to distinguish between Type A and Type B programs:

\$781,108

Auditee qualified as low-risk auditee?

Yes  No

**HILLSBOROUGH COUNTY SCHOOL READINESS COALITION, INC.**  
**d/b/a Early Learning Coalition of Hillsborough County, Inc.**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**

**Year Ended June 30, 2018**

**Section I - Summary of Independent Auditor's Results (Continued)**

***State Financial Assistance***

Internal control over major project:

- Material weakness(es) identified?                     Yes                     No
- Significant deficiency(ies) identified?                 Yes                     None reported

Type of report issued on compliance for major state project:                    **Unmodified Opinion**

Any audit findings disclosed that are required to be reported in accordance with *Rules of the Auditor General*, Chapter 10.656?                 Yes                     No

Identification of Major State Project:

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

Dollar threshold used to distinguish between Type A and Type B projects:                    \$887,391

FOEL's grant terms require auditors to test and report on whether the Coalition's monthly reconciliation of its financial records to the statewide School Readiness Data and Reporting System was completed in an accurate and timely manner. Based on our testing, we confirm that the Coalition completed the required monthly reconciliations in a timely and satisfactory manner.

**Section II - Findings Related to the Financial Statement Audit, as Required to be Reported in accordance with *Government Auditing Standards***

None reported.

**Section III - Findings and Questioned Costs for Federal Awards and State Financial Assistance Reported in accordance with the Uniform Guidance and *Rules of the Auditor General*, Chapter 10.650**

None reported.

**Section IV - Prior Year Audit Findings**

None reported.