

**EARLY LEARNING COALITION OF  
BREVARD COUNTY, INC.**

FINANCIAL STATEMENTS,  
SUPPLEMENTARY INFORMATION, AND  
INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2020  
(WITH COMPARATIVE TOTALS FOR THE  
YEAR ENDED JUNE 30, 2019)

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Early Learning Coalition of Brevard County, Inc.

### Report on the Financial Statements

We have audited the accompanying financial statements of the Early Learning Coalition of Brevard County, Inc. (the "Coalition") (a Florida nonprofit organization), which comprise the statements of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year 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.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Coalition as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Report on Summarized Comparative Information**

We have previously audited the Early Learning Coalition of Brevard County, Inc.'s 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 14, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

## **Emphasis of Matter**

The Coalition has recorded a Due from Providers in the amount of \$266,871 with respect to overpayments made to such providers, along with a corresponding payable to the Office of Early Learning (OEL) for \$266,871. As indicated in Note 11, the Coalition has reconciled 100% of these provider payments as of June 30, 2020. Should the Coalition be unable to collect in whole or in part on the amount due from the providers, OEL will assume all risk and the Coalition will not incur a loss. Our opinion is not modified with respect to this matter.

## **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* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and Chapter 10.650, *Rules of the Auditor General*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 May 27, 2021 on our consideration of the Coalition'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 the Coalition's internal control over financial reporting and compliance.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
May 27, 2021

**EARLY LEARNING COALITION OF BREVARD COUNTY, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2020**  
**(WITH COMPARATIVE TOTALS FOR 2019)**

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	<b>ASSETS</b>	
	2020	Comparative Totals 2019
	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 2,473,031	\$ 919,531
Grants and accounts receivable	2,788,900	2,901,830
United Way receivable	257,000	263,127
Prepaid expenses	75,061	46,108
Due from Providers - Reconciliations	266,871	690,000
Furniture and equipment, net	<u>68,735</u>	<u>33,038</u>
 TOTAL ASSETS	 <u>\$ 5,929,598</u>	 <u>\$ 4,853,634</u>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 5,025,452	\$ 3,685,613
Due to Office of Early Learning - Reconciliations	<u>266,871</u>	<u>690,000</u>
 TOTAL LIABILITIES	 5,292,323	 4,375,613
 <b>NET ASSETS</b>		
Without Donor Restriction	380,275	214,894
With Donor Restriction	<u>257,000</u>	<u>263,127</u>
 TOTAL NET ASSETS	 <u>637,275</u>	 <u>478,021</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 5,929,598</u>	 <u>\$ 4,853,634</u>

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

**EARLY LEARNING COALITION OF BREVARD COUNTY, INC.**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2020**  
**(WITH COMPARATIVE TOTALS FOR 2019)**

	2020			2019
	Without Donor Restriction	With Donor Restriction	Total	Comparative Totals
Revenue and Other Support:				
Grants-Federal	\$ 24,721,201	\$ -	\$ 24,721,201	\$ 20,734,402
Grants-State	11,455,493	-	11,455,493	11,272,756
Total Grants-Federal and State	36,176,694	-	36,176,694	32,007,158
Contributions	133,073	-	133,073	127,269
United Way	-	257,000	257,000	263,127
In-kind	-	-	-	83,314
Other Income	16	-	16	1,048
Net assets released from restrictions	263,127	(263,127)	-	-
Total Revenue and Other Support	36,572,910	(6,127)	36,566,783	32,481,916
Expenses:				
Program Services:				
School Readiness	23,938,246	-	23,938,246	20,193,102
Voluntary Pre-K	11,015,062	-	11,015,062	10,880,742
Other	-	-	-	122,781
Total Program Services:	34,953,308	-	34,953,308	31,196,625
Supporting Services:				
Management and General	1,454,221	-	1,454,221	1,260,453
Total Supporting Services	1,454,221	-	1,454,221	1,260,453
Total Expenses	36,407,529	-	36,407,529	32,457,078
Change in Net Assets	165,381	(6,127)	159,254	24,838
Net Assets at Beginning of Year	214,894	263,127	478,021	453,183
Net Assets at End of Year	\$ 380,275	\$ 257,000	\$ 637,275	\$ 478,021

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

**EARLY LEARNING COALITION OF BREVARD COUNTY, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2020**  
**(WITH COMPARATIVE TOTALS FOR 2019)**

	Program Services				Supporting Services		Total Expenses	
	Subsidized Child Care	Voluntary Pre-K	Other	Total	Management and General	Fundraising	2020	2019
Salaries	\$ 1,024,934	\$ -	\$ -	\$ 1,024,934	\$ 843,052	\$ -	\$ 1,867,986	\$ 1,969,278
Payroll taxes and workers compensation	82,609	-	-	82,609	67,889	-	150,498	155,625
Fringe benefits	244,838	-	-	244,838	136,043	-	380,881	360,266
Total salaries and related expenses	1,352,381	-	-	1,352,381	1,046,984	-	2,399,365	2,485,169
CCEP - Cares	8,400	-	-	8,400	-	-	8,400	-
Direct Services	21,727,111	11,015,062	-	32,742,173	-	-	32,742,173	29,215,120
Sub-recipient services	331,225	-	-	331,225	-	-	331,225	-
Program enhancements	-	-	-	-	-	-	-	29,721
Public Education	19,545	-	-	19,545	7,961	-	27,506	53,077
Computer/networking	75,225	-	-	75,225	68,526	-	143,751	107,369
Professional fees	-	-	-	-	43,443	-	43,443	22,000
Legal fees	-	-	-	-	40,898	-	40,898	938
Repairs and maintenance	7,258	-	-	7,258	4,756	-	12,014	27,799
Equipment rental and expense	38,340	-	-	38,340	5,184	-	43,524	14,574
Travel	7,617	-	-	7,617	8,474	-	16,091	25,923
Training	1,903	-	-	1,903	6,346	-	8,249	13,181
Occupancy	228,078	-	-	228,078	107,879	-	335,957	237,976
Printing	5,250	-	-	5,250	3,470	-	8,720	7,152
Telephone	7,897	-	-	7,897	5,382	-	13,279	13,276
Utilities	9,881	-	-	9,881	5,650	-	15,531	14,964
Insurance	12,410	-	-	12,410	7,787	-	20,197	19,236
Employment expenses	1,744	-	-	1,744	4,408	-	6,152	7,805
Dues and subscriptions	8,398	-	-	8,398	2,939	-	11,337	11,641
Educational supplies	60,900	-	-	60,900	76,060	-	136,960	29,948
Supplies	17,350	-	-	17,350	8,074	-	25,424	20,604
In-kind expenditures	-	-	-	-	-	-	-	83,314
Other	182	-	-	182	-	-	182	3,406
TOTAL EXPENSES BEFORE DEPRECIATION AND AMORTIZATION	23,921,095	11,015,062	-	34,936,157	1,454,221	-	36,390,378	32,444,193
DEPRECIATION	17,151	-	-	17,151	-	-	17,151	12,885
TOTAL EXPENSES	\$ 23,938,246	\$ 11,015,062	\$ -	\$ 34,953,308	\$ 1,454,221	\$ -	\$ 36,407,529	\$ 32,457,078

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



**EARLY LEARNING COALITION OF BREVARD COUNTY, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2020**  
**(WITH COMPARATIVE TOTALS FOR 2019)**

	<u>2020</u>	<u>Comparative Totals 2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 159,254	\$ 24,838
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	17,151	12,885
Decrease (increase) in assets:		
Grants and accounts receivable	112,930	(2,382,878)
United Way receivable	6,127	(6,127)
Prepaid expenses	(28,953)	14,545
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	1,339,839	1,284,738
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<u>1,606,348</u>	<u>(1,051,999)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of furniture and equipment	(52,848)	(18,322)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<u>(52,848)</u>	<u>(18,322)</u>
<b>NET CHANGE IN CASH</b>	1,553,500	(1,070,321)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>919,531</u>	<u>1,989,852</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 2,473,031</u>	<u>\$ 919,531</u>

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

**EARLY LEARNING COALITION OF BREVARD COUNTY, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020**

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**NOTE 1 - NATURE OF ORGANIZATION**

Early Learning Coalition of Brevard County, Inc. (the “Coalition”) was organized on May 8, 2000 as a Florida not-for-profit 501(c)(3) corporation. The Coalition was created by Florida Legislators, with the enactment of Florida Statute Section 411.01 that established the Florida Partnership for School Readiness (the “Partnership”), to coordinate private sector representatives, publicly funded early childhood education professionals, childcare industry representatives, and community and government leaders to ensure consistent quality in early childhood and childcare programs using state, federal, and local funding sources. The Coalition has been entrusted to implement the Voluntary Pre-kindergarten (“VPK”) program in accordance with the laws, rules and regulations of the State of Florida particularly the Voluntary Pre-kindergarten Education Program Act, Chapter 1002, Part V, Florida Statutes. The Coalition contracts with various local organizations to administer and provide the Coalition's early childhood education programs as summarized below:

- Subsidized Child Care and Preschool Program: provides subsidized childcare services and preschool programs to eligible children and families, and provides administrative and direct services necessary to develop and maintain a safe, cost effective, and family-friendly system to protect at-risk children and to assist families in becoming or remaining economically self-sufficient. The following are some of the services provided through the Subsidized Child Care and Preschool Programs: developmental and growth screening, implementation of individual education plans, coordination of referral services, education on lifestyle factors, transition to kindergarten, parent education, community needs assessment, accessing community resources for health and nutrition, technical assistance to parents and providers, staff education, classroom education, and mentoring business partners.
- Florida First Start Program: provides early intervention services to at-risk infants and toddlers up to age four and their families. The program is organized as a home visiting family literacy program designed to give children at risk of future school failure the best possible start in life and to support parents in their role as children's first teachers.
- Quality Initiative: supports local and statewide work for School Readiness and VPK providers through professional development, coaching, and financial supports. Provides resources in order to further the development of high quality early childhood programming in Brevard County.
- Voluntary Pre-Kindergarten (VPK): provides that each child residing in Florida who will reach four years of age on or before September first of the school year is eligible for a free pre-kindergarten program designed to enhance each child's ability in the development of language and cognitive abilities through education in basic skills.

Substantially, all of the Coalition’s support and revenue was received from a contract with the Partnership. The contract provides for a comprehensive program of readiness and service that enhances the cognitive, social, and physical development of children in order to achieve performance standards and outcome measures established by the Partnership. The Coalition provides school readiness services to every eligible family, to the extent that funding resources are available. The Coalition receives additional support and revenue from grants and donations from other sources.

**EARLY LEARNING COALITION OF BREVARD COUNTY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

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

**Basis of Accounting**

The Coalition prepares its financial statements on the accrual basis of accounting. Accounting standards establish external financial reporting standards for not-for-profit organizations, which include four basic financial statements: the statement of financial position, the statement of activities, the statement of functional expenses, and the statement of cash flows. Accounting standards require that resources be classified for accounting and reporting purposes into the following two separate classes of net assets according to externally imposed restrictions:

- Net assets without donor restrictions: The portion of the net assets of the Coalition that can be used subject only to the broad limits resulting from the nature of the Coalition, the environment in which it operates, and the purposes specified in its articles of incorporation or bylaws. In some cases, the use of these resources is also subject to limits resulting from contractual agreements entered into by the Coalition with suppliers, creditors, and others in the course of its business. The Coalition has the greatest ability to choose when using these resources.

Net assets without donor restrictions generally result from grant revenues, contributions, and support that are not subject to donor-imposed restrictions reduced by expenses incurred in providing services, raising contributions, and performing administrative functions.

- Net assets with donor restrictions: The portion of the net assets of the Coalition that is subject to either donor imposed time restrictions or donor-imposed purpose restrictions. These restrictions limit the Coalition's choices when using these resources because the Coalition has a fiduciary responsibility to its donors to follow the donor's instructions. Net assets with donor restrictions generally result from donor-restricted contributions.

**Furniture and Equipment, net**

Equipment is stated at cost, if purchased or at estimated fair value at the date of receipt and if acquired as a gift. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which generally ranges from three to five years. Major renewals and betterments are capitalized. Maintenance, repairs, and minor renewals are expensed as incurred. It is the policy of the Coalition to maintain all property and equipment in good condition.

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 therefrom, is subject to applicable regulations. The capitalization threshold is \$1,000.

**Accrued Benefits**

Accrued benefits represent vested vacation leave. Vacation leave is charged as an expense in the period in which it is earned by the employee.

**EARLY LEARNING COALITION OF BREVARD COUNTY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Management Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("US GAAP") requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures including, but not limited to, the determination of the net realizable value of receivables and the useful lives of donated and acquired assets. Accordingly, actual results could differ from estimates.

**Income Taxes**

The Coalition is exempt from income taxes under Section 501(c)(3) of the Internal Revenue code. Accordingly, no provision for federal or state income taxes has been made in the accompanying financial statements.

The Coalition recognizes and measures tax positions taken or expected to be taken in its tax return based on their technical merit and assesses the likelihood that the positions will be sustained upon examination based on the facts, circumstances, and information available at the end of each period. Interest and penalties on tax liabilities, if any, would be recorded in interest expense and other non-interest expense, respectively.

The U.S. Federal jurisdiction and Florida are the major tax jurisdictions where the Coalition files tax returns. The Coalition is generally no longer subject to U.S. Federal or State examinations by tax authorities for years before 2017.

**Grants Receivable**

Grants receivable are due from federal and state governmental agencies and recorded when services are provided. The Coalition's receivables as of June 30, 2020 are due in less than one year and management believes that all receivables are fully collectible. Accordingly, no allowance for doubtful accounts is considered necessary.

**Receivable from the United Way**

The Coalition has a receivable from the United Way and considers it to be fully collectible. Accordingly, no allowance for doubtful accounts is required. The entire amount is receivable within the next fiscal year and funds are temporarily restricted as of June 30, 2020.

**Prepaid Expenses**

Consists of insurance and payroll expenses paid in advance.

**Revenue Recognition**

The Coalition's principal source of revenue is derived from federal and state grants, which are conditioned upon certain performance requirements and/or the occurrence of allowable qualifying expenses. Amounts received are recognized as revenue when we have incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position.

**EARLY LEARNING COALITION OF BREVARD COUNTY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Revenue Recognition (Continued)**

Contributions are recognized when the unconditional promise to give is received. Conditional promises to give, with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. Contributions are recorded as with donor restrictions or without donor restrictions, depending on the existence or nature of any donor-imposed restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Restrictions on gifts to acquire long lived assets are considered met in the period in which the assets are acquired or placed into service.

**Allocation of Functional Expenses**

Program expenses and management and general expenses have been summarized on a functional basis in the Statements of Activities and in the Statements of Functional Expenses. Directly identifiable expenses are charged to programs and supporting services. Expenses are allocated between program services and management and general and fundraising. 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.

**Accounting Pronouncements**

In May 2014, the FASB issued ASU 2014-19, Revenue from Contracts with Customers (Topic 606). This ASU replaces nearly all existing U.S. GAAP guidance on revenue recognition. In June 2020, the FASB issued ASU 2020-05, Revenue from Contracts with Customers: Topic 606: Effective Dates for Certain Entities. This standard delays the effective date for non-public entities to fiscal years beginning after December 15, 2019, with early adoption permitted. The Coalition is evaluating the impact the pronouncement may have on the financial statements.

The Coalition has adopted the FASB Accounting Standards Update (ASU) 2018-08, clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions made during the year ended June 30, 2020. The ASU provides guidance in evaluating whether transactions should be accounted for as contributions or exchanges. In addition, the update introduces the concept of barriers in providing additional guidance on identifying conditions that would preclude the recognition of a contribution as revenue. The adoption of this standard did not result in any changes to the financial statements of the Coalition for the year ended June 30, 2020.

NOTE 3 – FURNITURE AND EQUIPMENT, NET

Furniture and equipment is comprised of the following as of June 30, 2020:

Equipment	\$ 170,369
Furniture and fixtures	<u>24,092</u>
	194,461
Less: accumulated depreciation	<u>(125,726)</u>
	<u><u>\$ 68,735</u></u>

Depreciation expense was \$17,151 for the year ended June 30, 2020.

**EARLY LEARNING COALITION OF BREVARD COUNTY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

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**NOTE 4 – LINE OF CREDIT**

As of June 30, 2020, the Coalition has a \$50,000 unsecured line of credit with a bank to be utilized as needed with an interest rate of 2% above prime (7.00% at June 30, 2020). As of June 30, 2020, no amounts are outstanding.

**NOTE 5 – RETIREMENT PLAN**

The Coalition has a qualified retirement plan for all qualifying employees. All employees over the age of 21 that have worked a minimum of 1,000 regular paid hours and completed one year of service are eligible to participate. Matching contributions are made to the plan by the Coalition on a discretionary basis. During the year ended June 30, 2020, the Coalition provided a 3% matching contribution totaling \$83,242. Employees are immediately vested in their contributions and matching contributions are vested over a four-year period of service.

**NOTE 6 - CONCENTRATION**

The Coalition places its cash deposits with creditworthy, high-quality institutions. At times, cash balances may temporarily exceed the Federal Deposit Insurance Coverage (“FDIC”) limit of \$250,000.

The Coalition has \$637,275 in net assets as of June 30, 2020. Substantially, all of the Coalition’s support was provided by the Federal government and State of Florida under early childhood education and voluntary pre-kindergarten programs. A significant reduction in this level of support, if this were to occur, would have an adverse effect on the Coalition’s programs and activities and its ability to satisfy its financial provider arrangements are only payable from the Coalition upon support provided from the Federal government and the State of Florida. To the extent the subcontracted payment arrangements will not be forthcoming, the Coalition will not be obligated. The Coalition’s risk is limited to the support received from the federal and state grants.

**NOTE 7 – COMMITMENTS AND CONTINGENCIES**

**Operating Leases**

The Coalition leases office spaces in Rockledge, Melbourne, and Titusville, Florida under operating leases with unrelated parties. The Coalition also leases office equipment under operating leases. Total rent expense on these leases was \$347,908 for the year ended June 30, 2020.

The following is a schedule of future lease payments:

<u>Year ending June 30,</u>	
2021	\$ 348,489
2022	356,538
2023	250,087
2024	172,878
2025	<u>175,052</u>
Total minimum lease payments	<u>\$ 1,303,044</u>

**EARLY LEARNING COALITION OF BREVARD COUNTY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

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NOTE 7 – COMMITMENTS AND CONTINGENCIES (Continued)

**Other**

The Coalition is 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.

The Coalition is involved in various other claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Coalition’s financial position, results of operations or liquidity.

NOTE 8 – RELATED PARTY TRANSACTIONS

In accordance with applicable regulations, the Coalition’s Board of Directors includes representatives of private and public sector industries. During the year ended June 30, 2020, 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. Total payments to these organizations during the year ended June 30, 2020 totaled \$561,334. Amounts due at June 30, 2020 totaled \$82,195 and were included in accounts payable and accrued expenses on the accompanying statements of financial position.

NOTE 9 – NET ASSETS WITH DONOR RESTRICTIONS

As of June 30, 2020, the Coalition’s net assets with donor restrictions totaled \$257,000 and are restricted for United Way sponsored programs. Amounts are held in United Way receivable on the statement of financial position.

NOTE 10 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Coalition monitors its liquidity so that it is able to meet its operating needs and other contractual commitments while maximizing the investment of its excess operating cash. The Coalition has the following financial assets that could be readily made available within one year of the balance sheet to fund expenses without limitations:

Cash and cash equivalents	\$ 2,473,031
Grants and accounts receivable	2,788,900
Financial Assets available to meet cash needs for opening expenses within one year:	<u><u>\$ 5,261,931</u></u>

NOTE 11 – OFFICE OF EARLY LEARNING - EFS SYSTEM

During the 2019 and 2020 fiscal years, the Office of Early Learnings (“OEL”) experienced difficulties in the implementation and functionality of its client and data management system, EFS MOD. OEL is currently in the process of updating their electronic filing data systems, specifically data migration and the School Readiness attendance modules.

**EARLY LEARNING COALITION OF BREVARD COUNTY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

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**NOTE 11 – OFFICE OF EARLY LEARNING - EFS SYSTEM (Continued)**

In order to assure that the children of Brevard would continue to be served and that providers were paid timely, OEL instructed the Coalition to make estimated payments throughout fiscal year 2019 and 2020. As of the date of these financial statements, the Coalition has reconciled 100% of the provider payments. Based on the results obtained from those reconciliations, OEL and the Coalition believe that the net overpayment to providers as a result of making estimated payments is \$266,871. OEL is fully aware of these overpayments. At June 30, 2020, the overpayments to the providers of \$266,871 have been recorded as Due from Providers, and a liability to OEL has been recorded for the same amount. In the event that the providers do not pay in full or in part, the Coalition will not be liable to the OEL and the Coalition will not incur any loss.

**NOTE 12 – OTHER MATTERS**

In January 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a “Public Health Emergency of International Concern,” which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets. The coronavirus outbreak and government responses are creating disruption in global supply chains and adversely impacting many industries. The outbreak could have a continued material adverse impact on economic and market conditions and trigger continued economic slowdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material adverse impact of the coronavirus outbreak. Nevertheless, the outbreak presents uncertainty and risk with respect to the Coalition, its performance, and its financial results.



SUPPLEMENTARY INFORMATION

**EARLY LEARNING COALITION OF BREVARD COUNTY, INC.  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED JUNE 30, 2020**

<b>Grantor/Pass-Through Grantor Program Title</b>	<b>Federal CFDA#</b>	<b>Contract Number</b>	<b>Expenditures</b>
<b>FEDERAL AWARDS:</b>			
<b>U.S. Department of Health and Human Services</b>			
Temporary Assistance for Needy Families Program:			
Passed Through Florida's Office of Early Learning	93.558	EL080	\$ 3,450,259
Child Care and Development Fund (CCDF) Cluster:			
CCDF Block Grant			
Passed Through Florida's Office of Early Learning	93.575	EL080	15,598,387
Passed Through Florida's Office of Early Learning	93.575	EL080 - CARES	1,665,485
CCDF - Mandatory Matching			
Passed Through Florida's Office of Early Learning	93.596	EL080	<u>3,970,667</u>
<b>CCDF Cluster Total</b>			<u>21,234,539</u>
Social Services Block Grant			
Passed Through Florida's Office of Early Learning	93.667	EL080	7,324
<b>Total U.S. Department of Health and Human Services</b>			<u>24,692,122</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 24,692,122</u>
<b>STATE AWARDS:</b>			
<b>State of Florida Department of Education</b>			
Florida Department of Education, Office of Early Learning			
Voluntary Pre-Kindergarten Education			
Program for 2019-2020 Fiscal Year	48.108	EL080	<u>\$ 11,455,492</u>
<b>Total State Expenditures</b>			<u>11,455,492</u>
<b>Total Federal and State Expenditures</b>			<u>\$ 36,147,614</u>

**EARLY LEARNING COALITION OF BREVARD COUNTY, INC.**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE**  
**FINANCIAL ASSISTANCE**  
**JUNE 30, 2020**

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**1. GENERAL**

The accompanying Schedule of Expenditures of Federal and State Awards includes 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 Chapter 10.650, Rules of the Auditor General. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

**2. BASIS OF ACCOUNTING**

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance is presented using the accrual basis of accounting and includes expenses incurred by the Coalition during the year ended June 30, 2020.

**3. BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance includes the federal and state grant activity of the Coalition during its fiscal year July 1, 2019 to June 30, 2020. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance and Chapter 10.650, Rules of 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.

**4. INDIRECT COST RATE**

The Coalition has elected not to use the de minimis indirect cost rate for its federal programs and state projects for the year ended June 30, 2020. The indirect cost rates used on the Coalition's federal programs and state projects are determined by the relevant federal or state agency.



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*

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To the Board of Directors  
Early Learning Coalition of Brevard County, Inc.

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 the Early Learning Coalition of Brevard County, Inc. (the "Coalition") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, 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 May 27, 2021.

### **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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Coalition's internal control. Accordingly, we do not express an opinion on the effectiveness of the Coalition's internal control.

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



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
May 27, 2021



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

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To the Board of Directors  
Early Learning Coalition of Brevard County, Inc.

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

We have audited Early Learning Coalition of Brevard County, Inc.'s (the "Coalition") 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*, that could have a direct and material effect on each of the Coalition's major federal programs and state projects for the year ended June 30, 2020. The Coalition's major federal programs and state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Coalition's major federal programs 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*. Those standards 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 on compliance for each major federal program and state project. However, our audit does not provide a legal determination of the Coalition's compliance.

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

In our opinion, the Coalition complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal and state projects for the year ended June 30, 2020.

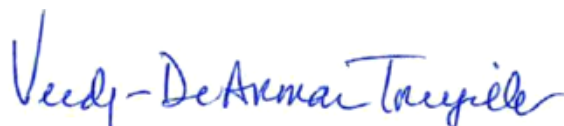
### **Report on Internal Control over Compliance**

Management of the Coalition 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 the Coalition's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program 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 to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 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 preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.

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.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
May 27, 2021

**EARLY LEARNING COALITION OF BREVARD COUNTY, INC.  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS – FEDERAL AWARDS PROGRAMS AND  
 STATE FINANCIAL ASSISTANCE  
 FOR THE YEAR ENDED JUNE 30, 2020**

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SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? \_\_\_\_\_ Yes      X   No

Significant deficiency(ies) identified that are not considered to be a material weakness(es)? \_\_\_\_\_ Yes      X   No

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes      X   No

Federal Awards and State Awards

Internal control over major federal programs and state projects:

Material weakness(es) identified? \_\_\_\_\_ Yes      X   No

Significant deficiency(ies) identified that are not considered to be a material weakness(es)? \_\_\_\_\_ Yes      X   No

Type of auditor’s report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with the 2 CFR 200.516 (a) of the Uniform Guidance and Chapter 10.650, *Rules of the Auditor General*? \_\_\_\_\_ Yes      X   No

Identification of major programs:

<u>CFDA/CFSA Number</u>	<u>Name of Federal/State Program or Cluster</u>
93.575, 93.596	Child Care Development Fund (CCDF) Cluster
93.558	Temporary Assistance for Needy Families
48.108	VPK State General Funds

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

\$ 750,000	Federal
\$ 343,972	State

Auditee qualified as low-risk auditee? \_\_\_\_\_ Yes      X   No



**EARLY LEARNING COALITION OF BREVARD COUNTY, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – FEDERAL AWARDS PROGRAMS AND  
STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED JUNE 30, 2020**

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SECTION II – FINANCIAL STATEMENT FINDINGS

CURRENT YEAR FINDINGS

None

PRIOR YEAR FINDINGS

See Summary Schedule of Prior Audit Findings

SECTION III – FEDERAL AND STATE AWARD FINDINGS AND QUESTIONED COSTS

Questioned Costs

As explained in Note 11 to the financial statements, OEL and the Coalition believe that the net overpayment to providers as a result of making estimated payments is \$266,871.

SECTION IV – OTHER ISSUES

1. No corrective action plan is required because there were no findings required to be reported under Federal OMB Circular Compliance Supplement.

SECTION V – SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

PRIOR YEAR FINDING

2019-001

DESCRIPTION OF FINDING

Significant Deficiency / Noncompliance related to Activities Allowed or Unallowed and Allowable Costs / Cost Principles and Eligibility for Child Care Development Fund Cluster (CFDA 93.575, 93.596) and Temporary Assistance for Needy Families (CFDA 93.558).

STATUS

The Coalition has reconciled 100% of the provider payments related to the prior year finding and has implemented a process with and approved by Florida Department of Education Office of Early Learning (OEL) to ensure that reconciliations and provider payments are in accordance with OEL instructions. While the OEL continued to experience system functionality and implementation issues for the year ended June 30, 2020, the impact on the Coalition, combined with their ongoing reconciliation process, was not significant. In addition, the OEL has asserted that the system-wide issues are considered to be state agency-level errors. As a result, the finding has been addressed and corrective action has been taken by the Coalition.