

**EARLY LEARNING
COALITION OF
INDIAN RIVER, MARTIN AND
OKEECHOBEE COUNTIES,
INC.**

**Financial Statements
and Supplemental
Information**

**Years Ended June 30, 2020
and 2019**

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INDEPENDENT AUDITORS' REPORT

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To the Board of Directors of
Early Learning Coalition of Indian River, Martin
and Okeechobee Counties, Inc.
Stuart, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Early Learning Coalition of Indian River, Martin and Okeechobee Counties, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider 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 Early Learning Coalition of Indian River, Martin and Okeechobee Counties, Inc., as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2021, on our consideration of Early Learning Coalition of Indian River, Martin and Okeechobee Counties, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Early Learning Coalition of Indian River, Martin and Okeechobee Counties, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Early Learning Coalition of Indian River, Martin and Okeechobee Counties, Inc.'s internal control over financial reporting and compliance.

Moss, Krusick & Associates, LLC

Winter Park, Florida
March 25, 2021

Early Learning Coalition of Indian River, Martin and Okeechobee Counties, Inc.

STATEMENTS OF FINANCIAL POSITION

June 30, 2020 and 2019

ASSETS		
	<u>2020</u>	<u>2019</u>
Current assets		
Cash and cash equivalents	\$ 1,443,430	\$ 861,452
Grants receivable	1,125,007	1,033,466
Due from providers	-	255,825
Due from OEL	-	<u>7,302</u>
Total current assets	2,568,437	2,158,045
Property and equipment		
Equipment	139,045	154,918
Less accumulated depreciation	<u>(115,283)</u>	<u>(131,222)</u>
Property and equipment, net	23,762	23,696
Other assets		
Deposits	<u>4,534</u>	<u>4,140</u>
Total assets	<u>\$ 2,596,733</u>	<u>\$ 2,185,881</u>

LIABILITIES AND NET ASSETS

Current liabilities		
Accounts payable and accrued liabilities	\$ 2,014,102	\$ 922,066
Advance payable	-	579,146
Due to OEL	<u>509,301</u>	<u>578,534</u>
Total current liabilities	<u>2,523,403</u>	<u>2,079,746</u>
Net assets		
Without donor restrictions	<u>73,330</u>	<u>106,135</u>
Total liabilities and net assets	<u>\$ 2,596,733</u>	<u>\$ 2,185,881</u>

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

Early Learning Coalition of Indian River, Martin and Okeechobee Counties, Inc.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
PUBLIC SUPPORT AND REVENUE		
Federal - Florida Office of Early Learning	\$ 9,932,625	\$ 8,022,182
State - Florida Office of Early Learning	5,869,439	5,953,996
Local match	753,888	796,396
Contributions	<u>88,149</u>	<u>34,278</u>
 Total public support and revenue	 <u>16,644,101</u>	 <u>14,806,852</u>
 EXPENSES		
Program services		
School readiness	10,355,313	8,395,670
Voluntary pre-kindergarten	5,765,436	5,847,827
General and other grants	<u>143,491</u>	<u>86,307</u>
 Total program services	 16,264,240	 14,329,804
Supporting services	<u>412,666</u>	<u>420,262</u>
 Total expenses	 <u>16,676,906</u>	 <u>14,750,066</u>
 Changes in net assets	 (32,805)	 56,786
 NET ASSETS, BEGINNING OF YEAR	 <u>106,135</u>	 <u>49,349</u>
 NET ASSETS, END OF YEAR	 <u><u>\$ 73,330</u></u>	 <u><u>\$ 106,135</u></u>

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

Early Learning Coalition of Indian River, Martin and Okeechobee Counties, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2020

	Program			Total	Supporting Services	Total Expenses
	School Readiness	Voluntary Pre-Kindergarten	General & Other Grants			
Salaries	\$ 782,876	\$ 15,649	\$ 45,191	\$ 843,716	\$ 243,131	\$ 1,086,847
Employee benefits	147,268	3,626	-	150,894	46,962	197,856
Payroll taxes	61,528	1,382	2,780	65,690	18,603	84,293
	<u>991,672</u>	<u>20,657</u>	<u>47,971</u>	<u>1,060,300</u>	<u>308,696</u>	<u>1,368,996</u>
Provider payments	8,737,339	5,742,534	-	14,479,873	-	14,479,873
Supplies	517,751	477	88,542	606,770	13,557	620,327
Occupancy	72,192	1,329	-	73,521	29,975	103,496
Fees for services	578	-	-	578	29,954	30,532
Information technology	11,327	181	-	11,508	11,380	22,888
Travel	14,619	159	3,823	18,601	3,241	21,842
Miscellaneous	5,148	7	15	5,170	4,574	9,744
Insurance	4,202	83	-	4,285	5,385	9,670
Dues and subscriptions	90	-	-	90	5,135	5,225
Depreciation	-	-	3,090	3,090	-	3,090
Conferences and meetings	245	9	-	254	769	1,023
Advertising	150	-	50	200	-	200
	<u>10,355,313</u>	<u>5,765,436</u>	<u>143,491</u>	<u>16,264,240</u>	<u>412,666</u>	<u>16,676,906</u>
Total expenses	<u>\$ 10,355,313</u>	<u>\$ 5,765,436</u>	<u>\$ 143,491</u>	<u>\$ 16,264,240</u>	<u>\$ 412,666</u>	<u>\$ 16,676,906</u>

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

Early Learning Coalition of Indian River, Martin and Okeechobee Counties, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2019

	Program			Total	Supporting Services	Total Expenses
	School Readiness	Voluntary Pre-Kindergarten	General & Other Grants			
Salaries	\$ 730,991	\$ 19,675	\$ 55,246	\$ 805,912	\$ 261,196	\$ 1,067,108
Employee benefits	180,630	4,937	-	185,567	45,398	230,965
Payroll taxes	55,461	1,539	4,593	61,593	20,016	81,609
	<u>967,082</u>	<u>26,151</u>	<u>59,839</u>	<u>1,053,072</u>	<u>326,610</u>	<u>1,379,682</u>
Provider payments	7,183,989	5,817,690	-	13,001,679	-	13,001,679
Supplies	145,621	891	11,986	158,498	18,173	176,671
Occupancy	73,873	1,942	-	75,815	24,592	100,407
Fees for services	598	-	-	598	24,912	25,510
Travel	14,838	413	1,165	16,416	5,654	22,070
Miscellaneous	1,013	33	7,807	8,853	4,849	13,702
Insurance	4,462	120	-	4,582	4,613	9,195
Information technology	2,477	-	-	2,477	6,039	8,516
Dues and subscriptions	-	-	-	-	4,820	4,820
Depreciation	-	-	2,619	2,619	-	2,619
Advertising	202	587	1,416	2,205	-	2,205
Conferences and meetings	1,515	-	1,475	2,990	-	2,990
	<u>8,395,670</u>	<u>5,847,827</u>	<u>86,307</u>	<u>14,329,804</u>	<u>420,262</u>	<u>14,750,066</u>
Total expenses	\$ 8,395,670	\$ 5,847,827	\$ 86,307	\$ 14,329,804	\$ 420,262	\$ 14,750,066

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

Early Learning Coalition of Indian River, Martin and Okeechobee Counties, Inc.

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ (32,805)	\$ 56,786
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation	3,090	2,619
Decrease (increase) in assets		
Grants receivable	(91,541)	(592,036)
Provider advances	-	4,050
Deposits	(394)	-
Due from providers	255,825	(255,825)
Due from OEL	7,302	(7,302)
Increase (decrease) in liabilities		
Accounts payable and accrued liabilities	1,092,036	(287,174)
Advance payable	(579,146)	579,146
Due to OEL	(69,233)	578,534
Net cash provided by operating activities	585,134	78,798
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(3,156)	(10,514)
Proceeds from disposal of equipment	-	179
Net cash used in operating activities	(3,156)	(10,335)
Net increase in cash and cash equivalents	581,978	68,463
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	861,452	792,989
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,443,430</u>	<u>\$ 861,452</u>

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

Early Learning Coalition of Indian River, Martin and Okeechobee Counties, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE A – NATURE OF ORGANIZATION

The Early Learning Coalition of Indian River, Martin and Okeechobee Counties, Inc. (the “Coalition”) is a Florida nonprofit corporation. The Coalition was originally incorporated on May 18, 2000, as the School Readiness Coalition of Martin County, Inc. in accordance with Florida State Statute 411.01, which established the Florida Partnership for School Readiness (the “Partnership”). On April 1, 2005, the School Readiness Coalition of Martin County merged with Indian River School Readiness Coalition, Inc. and the Okeechobee County School Readiness Coalition, Inc. The corporate entities known as the Indian River County School Readiness Coalition, Inc. and the Okeechobee County School Readiness Coalition, Inc. were dissolved as a part of this merger. In addition, the Coalition administers the Voluntary Pre-Kindergarten (“VPK”) program in accordance with the Voluntary Pre-Kindergarten Education Program Act, Chapter 1002, part V, Florida Statutes.

The Coalition administers subsidized child care assistance and programs that give children a competitive start in life. The Coalition is responsible for the planning and implementation of school readiness and voluntary pre-kindergarten services in the three county area of Indian River, Martin, and Okeechobee Counties. The Coalition is also responsible for making decisions and providing support to meet the early education and child care needs of the children in the communities served.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Basis of presentation

The accompanying financial statements and accompanying schedules have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Coalition reports information regarding its financial position and activities according to two classes of net assets as follows:

Net Assets Without Donor Restrictions

Net assets without donor restrictions are available for use at the discretion of the Board of Directors (the “Board”) and/or management for general operating purposes. From time to time, the Board designates a portion of these net assets for specific purposes which makes them unavailable for use at management’s discretion.

Net Assets With Donor Restrictions

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed restrictions, time and/or purpose restrictions.

The Coalition reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the statements of activities as net assets released from restrictions.

Some net assets with donor restrictions may include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the Coalition to expend the income generated by the assets in accordance with the provisions of additional donor imposed stipulations or a Board approved spending policy.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Cash and cash equivalents

The Coalition presents its cash flows using the indirect method. Cash and cash equivalents may consist of cash on hand, demand deposits, and all highly liquid debt instruments with original maturities of three months or less.

3. Grants receivable

The receivable from Florida's Office of Early Learning consists of grants due from federal and state governmental agencies and are recorded when services are provided. The grants receivable as of June 30, 2020 and 2019 are due in less than one year and management believes they are fully collectible.

4. Allowance for doubtful accounts

The Coalition determines an allowance for uncollectible receivables by specifically identifying balances which are doubtful as to collectability (typically amounts over ninety days old). As of June 30, 2020 and 2019, there is no amount included in the accompanying financial statements that represents an allowance for doubtful accounts.

5. Promises to give

The Coalition recognizes contributions at their estimated fair values when the donor makes a promise to give that is, in substance, unconditional.

Unconditional promises to give cash over a period of time exceeding one year are recorded at their present value of estimated future cash flows using a discount rate appropriate for the level of risk involved. Any related interest income is recorded as contribution revenue over the duration of the pledge.

Contributions that are restricted by the donor are presented as increases in net assets without donor restrictions if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

6. Property and equipment

The Coalition capitalizes all long-lived assets with an estimated useful life of three years or more and original cost/value of \$1,000 or more. Property and equipment are stated at cost for purchased assets and estimated fair value for donated assets and depreciated using the straight-line method over the following useful lives:

	<u>Life</u>
Computer equipment	5 Years
Furniture and fixtures	5-7 Years
Equipment	5-15 Years
Software	5 Years

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6. Property and equipment (continued)

Contributions of property and equipment are recorded as revenue at their estimated fair value. Such contributions are reported as revenue without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as revenue with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Coalition reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Coalition reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

7. Use of estimates

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

8. Revenue recognition

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (ASC 606), which prescribes a single, common revenue standard to replace most existing revenue recognition guidance, including most industry-specific requirements. The standard outlines a five-step model whereby revenue is recognized as performance obligations within a contract are satisfied.

In June 2018, the FASB issued ASU No. 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASC 958), which clarifies how transactions should be accounted for as contributions (nonreciprocal transactions) or exchange transactions and whether a contribution is conditional.

The Coalition adopted ASC 606 and ASC 958 and all related amendments effective July 1, 2019. The adoption of the new standards had no significant impact on the Coalition's financial statements.

Revenue from government grants is recorded when earned, which is generally when the allowable costs of the specific grant provisions have been incurred or the performance of services rendered. Such revenue is subject to audit by the grantor and, if the examination results in a deficiency of allowable expenses, the Coalition will be required to refund any deficiencies. Management is of the opinion that all monies recognized as revenue have been earned as of June 30, 2020 and 2019. These amounts are reflected as revenue without donor restrictions if received and expended in the same year.

Revenue from program fees are recognized when the earnings process is substantially complete and goods have been delivered or services performed. Revenues from program fees are recognized in the year to which they relate. As part of the School Readiness and Voluntary Pre-Kindergarten grants, the Coalition receives advances on revenue which are to be repaid to the state. As of June 30, 2020 and 2019, the Coalition held advances of \$0 and \$579,146, respectively.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

9. Contributed services

Contributions of services are recognized as revenue at their estimated values at the date of receipt if the services create or enhance nonfinancial assets or require a specialized skill. No contributed services have been recognized in the accompanying financial statements.

10. Expense allocation

The costs of the various programs have been summarized on a functional basis in the Statements of Activities and Changes in Net Assets and Statements of Functional Expenses. Accordingly, costs have been allocated among the Program and Supporting Services, based upon the amount of time spent on activities by employees.

11. Income taxes

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

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

12. Advertising costs

All advertising costs are considered nondirect-response advertising costs and are expensed as incurred.

13. Accrued compensated absences

Paid time off is accrued based on completed years of employment with the Coalition. Paid time off may be carried over up to a maximum of 120 hours to the next year. Upon resignation, death or retirement, employees are paid in one lump sum for accrued paid time off as of the last day of employment.

14. Recent accounting pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases*, that requires lessees to put most leases on their balance sheets and recognize expenses on their income statements in a manner similar to today's capital lease accounting. The guidance also eliminates today's real estate specific provisions for all entities. For lessors, the guidance modifies the classification criteria for accounting for sales-type and direct financing leases. The new guidance is effective for fiscal years beginning after December 15, 2021. Early adoption is permitted. The Coalition is evaluating the potential effects ASU 2016-02 will have on its financial statements.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

14. Recent accounting pronouncements (continued)

In August 2016, the FASB issued ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities* (Topic 958). The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled “net assets without donor restrictions” and “net assets with donor restrictions”, (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct internal investment expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. The new guidance was effective beginning in 2018 and the Coalition changed its presentation of net assets classes and expanded the footnote disclosures in these financial statements as required by ASU 2016-14.

15. Subsequent events

Management has performed an analysis of the activities and transactions subsequent to June 30, 2020 to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended June 30, 2020. Management has performed their analysis through March 25, 2021, the date the financial statements were available for issuance.

NOTE C – CONCENTRATIONS OF RISK

The Coalition maintains cash deposits at a financial institution located in Martin County, Florida. Deposits located at the financial institution are insured by the Federal Deposit Insurance Corporation (FDIC) and during the year balances may fluctuate above and below this amount. At June 30, 2020 and 2019, the Coalition held \$1,223,325 and \$663,666, respectively, in excess of FDIC limits. The Coalition has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on cash and cash equivalents.

The Coalition received approximately \$15,601,000 and \$13,976,000 of funding from two sources that individually comprised ten percent or more of total revenue and support for the years ended June 30, 2020 and 2019, respectively. As of June 30, 2020, and 2019, the Coalition had net receivable (payable) balances from these sources of approximately \$892,000 and (\$571,000), respectively.

Early Learning Coalition of Indian River, Martin and Okeechobee Counties, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE D – PROPERTY AND EQUIPMENT

Property and equipment at June 30 are summarized as follows:

	<u>2020</u>	<u>2019</u>
Computer equipment	\$ 41,174	\$ 47,947
Furniture and fixtures	22,734	22,734
Equipment	59,358	57,577
Software	<u>15,779</u>	<u>26,660</u>
	139,045	154,918
Less: accumulated depreciation	<u>(115,283)</u>	<u>(131,222)</u>
	<u>\$ 23,762</u>	<u>\$ 23,696</u>

Depreciation expense for the years ended June 30, 2020 and 2019 was \$3,090 and \$2,619, respectively.

The Coalition has purchased equipment through grant contracts. According to the guidelines established, all equipment with a purchased price in excess of \$1,000 purchased with these funds belongs to the State of Florida. The Coalition is considered the custodian of such property. The Coalition's total equipment purchases for current and prior fiscal years, in aggregate, total approximately \$139,000 and \$155,000 as of June 30, 2020 and 2019, respectively. Disposition of this equipment must be approved by the grant source. Since the Coalition expects to fully depreciate these assets over the estimated useful lives (which would result in no value being from the Coalition to the State), these assets have been recorded as part of net assets without donor restrictions.

NOTE E – LINE OF CREDIT

The Coalition has an available line of credit agreement in the amount of \$100,000 with a bank. The line of credit is due on demand and bears interest at the prime rate plus 2.00%, with a minimum interest rate of 5.25% and 7.50% at June 30, 2020 and 2019, respectively. The note is secured by various assets held by the Coalition. As of June 30, 2020 and 2019, there was no outstanding amount due on the line of credit agreement.

NOTE F – COMMITMENTS AND CONTINGENCIES

The Coalition leases office space and equipment under operating leases. Future minimum annual rent payments for the operating leases are as follows for the fiscal years ending June 30:

2021	\$ 97,775
2022	66,967
2023	4,734
2024	4,440
2025	<u>2,960</u>
	<u>\$ 176,876</u>

For the years ended June 30, 2020 and 2019, rent expense on operating leases totaled approximately \$103,000 and \$100,000, respectively.

Early Learning Coalition of Indian River, Martin and Okeechobee Counties, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE G – RETIREMENT PLAN

The Coalition sponsors a 403b defined contribution plan that covers substantially all full-time employees. Employees who have worked at least one year and who are at least eighteen years of age are eligible for employer contributions. The employer contributes a mandatory 5% per year of each covered employee’s salary per year.

The Coalition also sponsors a 457 deferred compensation plan that covers substantially all full-time employees. Employees who have worked at least one year, considered full time and who are at least eighteen years of age are eligible to participate. The Coalition offers 100% match of employee contributions up to 2% of employee’s salary. The total employer contributions for the two plans listed above were approximately \$44,000 and \$52,000 for the years ended June 30, 2020 and 2019, respectively.

NOTE H – RELATED PARTY TRANSACTIONS

During the years ending June 30, 2020 and 2019, the Coalition contracted with organizations that had individuals associated with those entities who also served on the Board of Directors of the Coalition. During the fiscal years ended June 30, 2020 and 2019, the Coalition collectively paid approximately \$2,197,000 and \$635,000 to these contracted centers, respectively. As of June 30, 2020, and 2019, the Coalition owed the contracting centers approximately \$240,000 and \$27,000, respectively.

NOTE I – CALCULATION OF MAXIMUM ADMINISTRATIVE EXPENSES

The following table compares administrative expenses incurred to expenses subject to the maximum administrative expenses allowed by the Office of Early Learning (“OEL”) for the School Readiness and Voluntary Pre-Kindergarten programs for the years ended June 30, 2020 and 2019:

	<u>School Readiness</u>	<u>Voluntary Pre-Kindergarten</u>	<u>Total</u>
2020:			
Total administrative expenses subject to 5% and 4% maximum	\$ 301,126	\$ 135,903	\$ 437,029
Maximum 5% and 4% administrative expenses allowable	<u>457,108</u>	<u>228,905</u>	<u>686,013</u>
Administrative expenses (under) over maximum	<u>\$ (155,982)</u>	<u>\$ (93,002)</u>	<u>\$ (248,984)</u>
2019:			
Total administrative expenses subject to 5% and 4% maximum	\$ 310,882	\$ 140,698	\$ 451,580
Maximum 5% and 4% administrative expenses allowable	<u>388,835</u>	<u>232,708</u>	<u>621,543</u>
Administrative expenses (under) over maximum	<u>\$ (77,953)</u>	<u>\$ (92,010)</u>	<u>\$ (169,963)</u>

Early Learning Coalition of Indian River, Martin and Okeechobee Counties, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE J – SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

The schedule of expenditures of federal awards and state financial assistance follows the modified accrual basis of accounting, which is a different basis of accounting as that used in the preparation of the financial statements. Accounting principles generally accepted in the United States of America require recognition of the expenditures in the period incurred and recognition of the corresponding reimbursement once the amount is earned and collection is certain. Reconciliations of the schedule of expenditures of federal awards and state financial assistance to federal and state expenditures included in the statement of activities and changes in net assets is as follows:

	<u>2019</u>
Federal expenditures – schedule of expenditures of federal awards and state financial assistance	\$ 9,103,327
Amounts due to Office of Early Learning	(501,999)
Advance payable to Office of Early Learning	<u>(579,146)</u>
Federal expenditures – statements of activities and changes in net assets	<u>\$ 8,022,182</u>
State expenditures – schedule of expenditures of federal awards and state financial assistance	\$ 6,027,829
Amounts due to Office of Early Learning	<u>(73,833)</u>
State expenditures – statements of activities and changes in net assets	<u>\$ 5,953,996</u>

NOTE K – FUNCTIONAL EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy and depreciation, which are allocated on a square footage basis, as well as salaries, employee benefits, payroll taxes, and advertising, which are allocated on the basis of estimates of time and effort.

NOTE L – RISK AND UNCERTAINTY

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Coalition's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Coalition is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2021.

Early Learning Coalition of Indian River, Martin and Okeechobee Counties, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE M – LIQUIDITY AND AVAILABILITY OF RESOURCES

The Coalition’s financial assets available within one year of the statements of financial position date for general expenditures are as follows:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 1,443,430	\$ 861,452
Grants receivable	1,125,007	1,033,466
Due from provider	-	255,825
Due from OEL	-	<u>7,302</u>
Total financial assets available within one year	<u>2,568,437</u>	<u>2,158,045</u>
Less:		
Amounts unavailable for general expenditures within one year:		
Accounts payable and accrued liabilities	(2,014,102)	(922,066)
Accounts payable	-	(579,146)
Due to OEL	<u>(509,301)</u>	<u>(578,534)</u>
Total amounts unavailable for general expenditures within one year	<u>(2,523,403)</u>	<u>(2,079,746)</u>
Total financial assets available to management for general expenditure within one year	<u>\$ 45,034</u>	<u>\$ 78,299</u>

As part of the Coalition’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Coalition has receives approximately 95% and 94% of its funds from federal and state grants passed through OEL for the years ended June 30, 2020 and 2019, respectively, which are on a reimbursable basis. Throughout the year, the Coalition receives advances and reimbursements each month to cover incurred expenses. To help manage unanticipated liquidity needs, the Coalition has a committed line of credit of \$100,000, which it may draw upon.

SUPPLEMENTAL INFORMATION



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

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To the Board of Directors of
Early Learning Coalition of Indian River, Martin
and Okeechobee Counties, Inc.
Stuart, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Early Learning Coalition of Indian River, Martin and Okeechobee Counties, Inc. (the "Coalition") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 25, 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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.

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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Moss, Krusick & Associates, LLC

Winter Park, Florida
March 25, 2021



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

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Bob P. Marchewka
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Thomas F. Regan
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Richard F. Hayes
Renee C. Varga
Shawn M. Marshall

To the Board of Directors of
Early Learning Coalition of Indian River, Martin
and Okeechobee Counties, Inc.
Stuart, Florida

Report on Compliance for Each Major Federal Program and State Project

We have audited Early Learning Coalition of Indian River, Martin and Okeechobee Counties, 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*, and special audit guidance provided by the Office of Early Learning that could have a direct and material effect on each of Early Learning Coalition of Indian River, Martin and Okeechobee Counties, Inc.'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 auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Coalition's major federal programs and state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); Chapter 10.650, *Rules of the Auditor General*; and special audit guidance provided by the Office of Early Learning. Those standards, the Uniform Guidance, and State of Florida 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 Early Learning Coalition of Indian River, Martin and Okeechobee Counties, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program and State Project

In our opinion, the Coalition complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state project 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 and state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state project and to test and report on internal control over compliance in accordance with the Uniform Guidance, and Chapter 10.650, *Rules of the Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Coalition's internal control over compliance.

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

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

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

Moss, Krusick & Associates, LLC

Winter Park, Florida
March 25, 2021

Early Learning Coalition of Indian River, Martin and Okeechobee Counties, Inc.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

June 30, 2020

Section I – Summary of Auditors’ Results

Financial Statements

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

Federal Awards

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

Identification of major programs:

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

Early Learning Coalition of Indian River, Martin and Okeechobee Counties, Inc.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

June 30, 2020

Section I – Summary of Auditors’ Results (continued)

State Financial Assistance

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

Identification of major projects:

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

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

- | | |
|--|-----|
| 1. EFS Mod reconciled monthly | Yes |
| 2. Processes in place to identify and correct errors during monthly reconciliations to EFS Mod | Yes |
| 3. Coalition’s financial records reconcile and agree to EFS Mod records as of program year ended June 30, 2020 | Yes |
| 4. Audit work papers documenting verification of reconciliations available to OEL staff | Yes |

Section III – Financial Statement Findings

No current year findings (no corrective action plan or management letter required).

Section IV – Federal Award and State Projects Findings and Questioned Costs

None (there are no items related to Federal Awards and State financial assistance required to be reported in the management letter, therefore no management letter issued).

Early Learning Coalition of Indian River, Martin and Okeechobee Counties, Inc.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

June 30, 2020

Section V – Status of Prior Year Audit Findings

Findings and Questioned Costs – Major Federal Programs

2019-001 – Statewide Reporting System Failure

Federal Programs: CFDA 93.575/93.596 and 93.558

Criteria: In accordance with the grant agreement, the Coalition shall ensure that its financial records for provider payments are reconciled to the Statewide Information System on a monthly basis.

Condition: During our audit, we found that the Coalition was not able to reconcile its School Readiness monthly financial records for provider payments to the Statewide Information System (EFS Mod) on a monthly basis.

Cause: The OEL transitioned from the prior statewide reporting system (EFS Legacy) to the EFS Mod system effective July 1, 2018. The Legacy system was no longer supported and the EFS Mod system was not fully functional.

Effect: The Coalition implemented a contingency operation in lieu of the EFS Mod system, by calculating the amounts to be paid to the providers monthly, based on attendance, bill codes and parent reimbursement amounts. The actual amounts paid were not reconciled to the EFS Mod system until after the end of the fiscal year, due to the lack of accuracy of the EFS Mod system during the fiscal year.

Recommendation: The Coalition continues its internal accounting process to calculate the amounts earned by each provider and reconcile with the EFS Mod system identifying and correcting differences on a monthly basis.

Management's Response: Responsibility for these findings lies entirely with the State of Florida's Office of Early Learning (OEL), not the Coalition. In July 2018, OEL deployed a flawed new version of the Single Statewide Information System (EFS Mod) that lacked critical functionality needed to comply with OEL and the State of Florida's own requirements for monthly provider payment processing. The Coalition was prevented from carrying out the necessary reconciliations because this functionality was not available in the OEL system for all twelve months of the fiscal year.

Resolution: The Coalition utilized the EFS Mod system for all amounts earned by providers during Fiscal 2020, as instructed by OEL. Provider over and under payments manually calculated during Fiscal 2019 were reconciled with the EFS Mod system. The provider under payments were paid to each provider and any over payments are in the process of being collected under payment plans. As of June 30, 2020, the Coalition's unresolved variance between the amount earned and paid to providers and the EFS Mod system is (\$147), which is related to EFS Mod system calculation errors. In addition, during Fiscal 2020, the Coalition obtained a grant agreement addendum to allow for the use of alternative support to reconcile provider payments to EFS Mod.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

June 30, 2020

Section V – Status of Prior Year Audit Findings (continued)

Findings and Questioned Costs – Major State Projects

2019-002 – Statewide Reporting System Failure

State Projects: CSFA: 48.108

Criteria: In accordance with the grant agreement, the Coalition shall ensure that its financial records for provider payments are reconciled to the Statewide Information System on a monthly basis.

Condition: During our audit, we found that the Coalition was not able to reconcile its monthly financial records for Voluntary Pre-Kindergarten provider payments to the Statewide Information System (EFS Mod) on a monthly basis.

Cause: The OEL transitioned from the prior statewide reporting system (EFS Legacy) to the EFS Mod system effective July 1, 2018. The Legacy system was no longer supported and the EFS Mod system was not fully functional until the end of the fiscal year.

Effect: The Coalition implemented a contingency operation in lieu of the EFS Mod system, by calculating the amounts to be paid to the providers monthly, based on attendance and bill codes. The actual amounts paid were not reconciled to the EFS Mod system until the end of the fiscal year, due to the lack of accuracy of the EFS Mod system.

Recommendation: The Coalition continues its internal accounting process to calculate the amounts earned by each provider and reconcile with the EFS Mod system identifying and correcting differences on a monthly basis.

Management's Response: Responsibility for these findings lies entirely with the State of Florida's Office of Early Learning (OEL), not the Coalition. In July 2018, OEL deployed a flawed new version of the Single Statewide Information System (EFS Mod) that lacked critical functionality needed to comply with OEL and the State of Florida's own requirements for monthly provider payment processing. The Coalition was prevented from carrying out the necessary reconciliations because this functionality was not available in the OEL system for all twelve months of the fiscal year.

Resolution: The Coalition utilized the EFS Mod system for all amounts earned by providers during Fiscal 2020, as instructed by OEL. Provider over and under payments manually calculated during Fiscal 2019 were reconciled with the EFS Mod system. The provider under payments were paid to each provider and any over payments are in the process of being collected under payment plans. In addition, during Fiscal 2020, the Coalition obtained a grant agreement addendum to allow for the use of alternative support to reconcile provider payments to EFS Mod.

Early Learning Coalition of Indian River, Martin and Okeechobee Counties, Inc.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

Year Ended June 30, 2020

Grantor/Program Title	CFDA CSFA	Award Number	Expenditures
Federal Awards:			
U.S. Department of Health and Human Services			
<i>Passed through State of Florida's Office of Early Learning for School Readiness</i>			
Temporary Assistance for Needy Families	93.558	EL330	\$ 1,171,210
Child Care and Development Fund Cluster			
Child Care and Development Block Grant	93.575	EL330	5,085,997
Child Care and Development Block Grant	93.575	EL330	476,358
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	EL330	<u>3,150,196</u>
Total Child Care and Development Fund Cluster			8,712,551
Preschool Development Grant	93.434	EL330	43,016
Social Services Block Grant	93.667	EL330	<u>5,848</u>
Total Expenditures of Federal Awards			<u>9,932,625</u>
State Financial Assistance:			
State of Florida Department of Education			
<i>Passed through State of Florida's Office of Early Learning</i>			
Voluntary Pre-Kindergarten Education	48.108	EL330	<u>5,869,439</u>
Total Expenditures of State Financial Assistance			<u>5,869,439</u>
Total Expenditures of Federal Awards and State Financial Assistance			<u>\$ 15,802,064</u>

Note A: Basis of presentation

The accompanying schedule of expenditures of federal awards and state financial assistance 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), the Florida Department of Financial Services' State Projects Compliance Supplement, and State of Florida 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.

Note B: Indirect Cost Rates

The Coalition has elected to not use the 10% de minimis indirect cost rate for its federal programs and state projects for the year ended June 30, 2020. The indirect cost rates used on the Coalition's federal programs and state projects are determined by the relevant federal or state agency.

See independent auditors' report.