

**EARLY LEARNING COALITION OF
MIAMI-DADE/MONROE, INC.**

FINANCIAL STATEMENTS,
SUPPLEMENTARY INFORMATION AND
INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Early Learning Coalition of Miami-Dade/Monroe, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of the Early Learning Coalition of Miami-Dade/Monroe, Inc. (the "Organization") (a Florida 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.

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 Organization 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.

Emphasis of Matter

The Organization has recorded a Due from Providers in the amount of \$8,864,000 with respect to overpayments made to such providers, along with a corresponding payable to the Office of Early Learning (OEL) for \$8,864,000. As indicated in Note 5, the Organization has reconciled 100% of these provider payments as of the date of these financial statements. Should the Organization be unable to collect in whole or in part on the amount due from the providers, OEL will assume all risk and the Organization 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 February 26, 2021, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Organization's internal control over financial reporting and compliance.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
February 26, 2021

EARLY LEARNING COALITION OF MIAMI-DADE/MONROE, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020

ASSETS

Cash and cash equivalents	\$ 7,919,376
Grants receivable	34,246,518
Furniture and equipment, net	552,320
Other assets	478,492
Due from Providers	<u>8,864,000</u>
TOTAL ASSETS	<u>\$ 52,060,706</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable	\$ 38,673,663
Other liabilities	2,570,590
Due to Office of Early Learning	<u>8,864,000</u>
TOTAL LIABILITIES	<u>50,108,253</u>

NET ASSETS

Without Donor Restriction	<u>1,952,453</u>
TOTAL NET ASSETS	<u>1,952,453</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 52,060,706</u>

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

EARLY LEARNING COALITION OF MIAMI-DADE/MONROE, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

SUPPORT AND REVENUES	
Grants (federal, state, and local)	\$ 190,216,946
The Children's Trust	15,949,405
Contributions and other	169,042
	<hr/>
TOTAL SUPPORT AND REVENUE	206,335,393
	<hr/>
EXPENSES:	
Early education services	196,692,440
Management and general	8,807,141
	<hr/>
TOTAL EXPENSES	205,499,581
	<hr/>
CHANGE IN NET ASSETS	835,812
NET ASSETS, BEGINNING OF YEAR	1,116,641
	<hr/>
NET ASSETS, END OF YEAR	\$ 1,952,453
	<hr/> <hr/>

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

EARLY LEARNING COALITION OF MIAMI-DADE/MONROE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

	Early Education Service	Management and General	Total
	<u> </u>	<u> </u>	<u> </u>
Dues and subscriptions	\$ 5,236	\$ 65,613	\$ 70,849
Enhancement projects	17,669,063	-	17,669,063
Educational materials (Quality Initiatives)	6,805,711	66,910	6,872,621
Equipment repairs and maintenance	2,481	3,621	6,102
Insurance	103,174	10,895	114,069
Meetings and conferences	27,668	13,964	41,632
Occupancy costs	1,047,052	602,064	1,649,116
Office	140,966	1,002,187	1,143,153
Other	313,985	-	313,985
Postage and freight	3,527	28,471	31,998
Printing	62,386	26,538	88,924
Professional fees	123,338	965,159	1,088,497
Salaries and benefits	14,683,145	5,431,442	20,114,587
Direct child care	153,467,245	-	153,467,245
Sub-recipient contracts	1,828,376	134,229	1,962,605
Telephone	226,231	309,292	535,523
Travel and training	180,386	66,877	247,263
	<u> </u>	<u> </u>	<u> </u>
TOTAL EXPENSES BEFORE DEPRECIATION	196,689,970	8,727,262	205,417,232
Depreciation	2,470	79,879	82,349
	<u> </u>	<u> </u>	<u> </u>
TOTAL EXPENSES	<u>\$ 196,692,440</u>	<u>\$ 8,807,141</u>	<u>\$ 205,499,581</u>

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

EARLY LEARNING COALITION OF MIAMI-DADE/MONROE, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ 835,812
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	82,349
Changes in assets and liabilities:	
Grants receivable	(27,867,511)
Other assets	(413,143)
Accounts payable	20,261,996
Other liabilities	1,312,446
TOTAL ADJUSTMENTS	<u>(6,623,863)</u>
NET CASH USED IN OPERATING ACTIVITIES	<u>(5,788,051)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchases of furniture and equipment	<u>(277,231)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(277,231)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(6,065,282)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>13,984,658</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 7,919,376</u></u>

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

EARLY LEARNING COALITION OF MIAMI-DADE/MONROE, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1 - NATURE OF ORGANIZATION

Early Learning Coalition of Miami-Dade/Monroe, Inc. f/k/a Miami-Dade School Readiness Coalition, Inc. (the "Organization") was incorporated under the laws of the State of Florida on April 12, 2000, following the enactment of Florida State Statute 411.01 that established the Florida Partnership for School Readiness (the "Partnership"). The Organization 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. This program is designed to prepare all 4-year olds for kindergarten and build the foundation for future educational success.

The Organization's mission is to promote school readiness and voluntary pre-kindergarten programs, thus increasing the probability for all children of achieving future educational success and becoming productive members of society. The Organization seeks to further the physical, social, emotional, and intellectual needs of Miami-Dade and Monroe County children beginning before birth through age five.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Organization prepares its financial statements on the accrual basis of accounting and has presented its financial statements in accordance with the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. 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 Organization that can be used subject only to the broad limits resulting from the nature of the Organization, 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 Organizations with suppliers, creditors, and others in the course of its business. The Organization 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 Organization that is subject to either donor imposed time restrictions or donor-imposed purpose restrictions. These restrictions limit the Organization's choices when using these resources because the Organization has a fiduciary responsibility to its donors to follow the donor's instructions. Net assets with donor restrictions generally result from donor-restricted contributions.

EARLY LEARNING COALITION OF MIAMI-DADE/MONROE, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

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 (“U.S. 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 those estimates.

Concentration

The Organization 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. At June 30, 2020, the Organization’s cash in excess of the federally insured limit approximated \$7,900,000. The Organization has not experienced losses to its cash and cash equivalents and management believes that it is not exposed to significant risks in this regard.

The Organization has \$1,952,453 in net assets as of June 30, 2020. Substantially, all of the Organization’s support was provided by the Federal government and the 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 Organization’s programs and activities and its ability to satisfy its financial and program obligations and commitments. However, the payable obligations under the subcontracted service provider arrangements are only payable from the Organization upon support provided from the Federal government and the State of Florida. To the extent the subcontracted payment arrangements will not be forthcoming, the Organization will not be obligated. The Organization’s risk is limited to the support received from the federal and state grants.

Fair Value of Financial Instruments

The fair value of financial instruments is determined by reference to various market data and other valuation techniques, as appropriate. Unless otherwise disclosed, the fair value of financial instruments, including cash and cash equivalents, grants receivable, accounts payable, deferred revenues and other liabilities, approximates their recorded values due primarily to the short-term nature of their maturities.

Cash and Cash Equivalents

The Organization considers all highly-liquid investments with a maturity of three months or less to be cash equivalents.

Furniture and Equipment, Net

Furniture and equipment are stated at cost at the date of acquisition. Major betterments and additions are capitalized, while replacements, maintenance, and repairs which do not improve or extend the lives of the respective assets are charged to expense as incurred. Donated furniture and equipment are recorded at their fair market value at the date of donation. Upon retirement or disposal of assets, the cost and accumulated depreciation are eliminated from the accounts and the resulting gain or loss is included in revenues or expenses. Depreciation is computed using the straight line method over the estimated useful lives of the assets, which generally range from 3 to 5 years.

EARLY LEARNING COALITION OF MIAMI-DADE/MONROE, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Organization 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 Organization 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 Organization files tax returns. The Organization is generally no longer subject to U.S. Federal or State examinations by tax authorities for years before 2017.

Revenue Recognition

The Organization's principal source of revenue is derived from federal and state grants, which are conditioned upon certain performance requirements an/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. Based on the Organization's experience with the grantors, management has determined that the related grants receivable are fully collectible. Consequently, no allowance for doubtful accounts is included in the accompanying financial statements.

Contributions are recognized when an 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. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

EARLY LEARNING COALITION OF MIAMI-DADE/MONROE, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09, 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 No. 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 Organization is evaluating the impact the pronouncement may have on the financial statements.

The Organization has adopted the FASB Accounting Standards Update (ASU) No. 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 Organization for the year ended June 30, 2020.

Subsequent Events

The Organization has evaluated subsequent events through February 26, 2021, which is the date the financial statements were available to be issued. See Note 9.

NOTE 3 - FURNITURE AND EQUIPMENT, NET

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

Office equipment	\$ 1,829,584
Furniture and fixtures	<u>153,305</u>
	1,982,889
Less: accumulated depreciation	<u>(1,430,569)</u>
	<u>\$ 552,320</u>

Pursuant to the contract with the Partnership, upon termination of the contract the Partnership retains title to all furniture and equipment purchased with funds provided by the Partnership. Accordingly, these assets are recorded as net assets with donor restriction and are reported under the caption "School Readiness Services." As of June 30, 2020, the Organization does not have net assets with donor restrictions.

Depreciation expense was \$82,349 for the year ended June 30, 2020.

EARLY LEARNING COALITION OF MIAMI-DADE/MONROE, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 4 - COMMITMENTS AND CONTINGENCIES

Operating Leases

The Organization leases its Miami-Dade and Monroe County facilities under noncancelable operating leases expiring in at various dates through June 2029. Additionally, the Organization leases copiers. Future minimum payments under these leases are as follows:

<u>Fiscal year June 30:</u>	
2021	\$ 913,734
2022	594,113
2023	495,905
2024	1,655,897
Thereafter	<u>-</u>
	<u>\$ 3,659,649</u>

Rent expense for the year ended June 30, 2020 was \$1,250,000.

Other

The Organization participates in a number of federal and state grants assistance programs. Amounts received or receivable from grantor agencies are subject to audit and compliance testing by those agencies to determine if activities undertaken by the Organization comply with the conditions of the grant. Any disallowed amounts may constitute a liability to the Organization. Management believes that no material liability will arise from any such audits.

Litigation

The Organization is exposed to various asserted and unasserted potential claims encountered in the normal course of business. In the opinion of management, the resolution of these matters will not have a material effect on the Organization’s financial position or results of operations.

NOTE 5 –OFFICE OF EARLY LEARNING - EFS SYSTEM

During the 2019 and 2020 fiscal year, 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.

In order to assure that the children of Miami-Dade and Monroe would continue to be served and that providers were paid timely, OEL instructed the Organization to make estimated payments throughout fiscal year 2019 and 2020. As of the date of these financial statements, the Organization has reconciled 100% of the provider payments. Based on the results obtained from those reconciliations, OEL and the Organization believe that the net overpayment to providers as a result of making estimated payments, is \$8,864,000. OEL is fully aware of these overpayments. At June 30, 2020, the overpayments to the providers of \$8,864,000 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 Organization will not be liable to the OEL and the Organization will not incur any loss. The Organization believes that they will collect or apply all overpayments by December 31, 2022.

EARLY LEARNING COALITION OF MIAMI-DADE/MONROE, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 6 – RETIREMENT PLAN

The Organization has a retirement plan available for eligible employees in which the Organization matches employee contributions. During the year ended 2020, the Organization revised the calculation of amounts matched and recorded an adjustment of approximately \$487,000 to reflect amounts owed under the retirement plan.

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS

As of June 30, 2020, the Organization does not have net assets with donor restrictions.

NOTE 8 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization 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 Organization 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	\$ 7,919,376
Grants receivable	34,246,518
Financial Assets available to meet cash needs for operating expenses within one year:	<u>\$ 42,165,894</u>

NOTE 9 – 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 Center, its performance, and its financial results.

SUPPLEMENTARY INFORMATION

EARLY LEARNING COALITION OF MIAMI-DADE/MONROE, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2020

Federal/State Agency Federal Cluster/ Program/ State Project, Pass-through Entity	CFDA/ CFSA Number	Number	Total Expenditures	Transfer to Subrecipients
FEDERAL AWARDS:				
U.S. Department of Health and Human Services				
Temporary Assistance for Needy Families Program:				
Passed Through Florida's Office of Early Learning	93.558	SR200	\$ 33,260,828	\$ 249,601
Child Care Development Fund (CCDF) Cluster:				
CCDF Block Grant				
Passed Through Florida's Office of Early Learning	93.575	SR200	55,565,566	278,965
Passed Through Florida's Office of Early Learning	93.575	SR200 - CARES	2,218,551	-
CCDF - Mandatory Matching				
Passed Through Florida's Office of Early Learning	93.596	SR200	33,354,767	205,553
 CCDF Cluster Total			91,138,884	484,518
Social Services Block Grant				
Passed Through Florida's Office of Early Learning	93.667	SR200	87,962	-
Early Head Start Program:				
Direct - U.S. Department of Health and Human Services	93.600	04HP0007-03-02	10,315,832	66,272
Refugee and Entrant Assistance - State Administered Programs:				
Passed through Department of Children and Families:	93.566	XK047	288,857	-
Refugee and Entrant Assistance - Discretionary Grants				
Passed through Department of Children and Families:	93.576	XK047	586,467	-
Every Student Succeeds Act/Preschool Development Grants Program:				
Passed through Nemours Foundation	93.434	SR200	21,526	-
Total U.S. Department of Health and Human Services			135,700,356	800,391
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 135,700,356	\$ 800,391

**EARLY LEARNING COALITION OF MIAMI-DADE/MONROE, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2020**

Federal/ State Agency Federal Cluster/ Program/ State Project, Pass-through Entity	CFDA/ CFSA Number	Contract/ Grant Number	Expenditures
STATE FINANCIAL ASSISTANCE:			
Florida Department of Education and Commissioner of Education			
Voluntary Pre-Kindergarten Education Program:			
Passed Through Florida's Office of Early Learning	48.108	SV200	\$ 54,212,176
Passed Through Florida's Office of Early Learning	48.108	OA200	105,293
Passed through University of Florida	48.108	N/A	56,890
Program Total			<u>54,374,359</u>
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE			<u>\$ 54,374,359</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE			<u><u>\$ 190,074,715</u></u>

**EARLY LEARNING COALITION OF MIAMI-DADE/MONROE, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL
ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2020**

1. GENERAL

The Schedule of Expenditures of Federal Awards and State Financial Assistance included herein represent all of the Federal Awards and State projects of the Organization during the year ended June 30, 2020.

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 Organization 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 Organization 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 Early Learning Coalition has elected not to use the de minimis indirect cost rate allowed under the Uniform Guidance during the years ended June 30, 2020.



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

To the Board of Directors
Early Learning Coalition of Miami-Dade/Monroe, 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 Miami-Dade/Monroe, Inc. (the "Organization") (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 February 26, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization'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 Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 Organization'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 test 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 Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Veedy-DeArmas Turpile". The signature is written in a cursive style.

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
February 26, 2021



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

To the Board of Directors
Early Learning Coalition of Miami-Dade/Monroe, Inc.

Report on Compliance for Each Major Federal Program and State Project

We have audited Early Learning Coalition of Miami-Dade/Monroe, Inc.'s (the "Organization") 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 Organization's major federal programs and state projects for the year ended June 30, 2020. The Organization'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 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 Organization's major federal programs and state projects based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and 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 and the Uniform Guidance 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 federal programs and state projects occurred. An audit includes examining, on a test basis, evidence about the Organization'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 Organization's compliance.

Opinion on Compliance for Each Major Federal Program and State Project

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

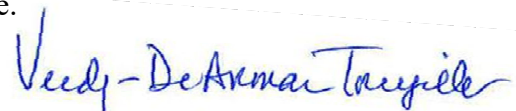
Report on Internal Control Over Compliance

Management of Organization 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 Organization's internal control over compliance with the types of requirements that could have a direct and material effect on its federal programs and state projections to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its federal programs and state projections 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 Organization's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program or state project on a timely basis. A material weakness in internal control over compliance is a deficiency, or 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 and 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 and 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.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
February 26, 2021

**EARLY LEARNING COALITION OF MIAMI-DADE/MONROE, INC.
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS - FEDERAL AWARDS PROGRAMS AND
 STATE FINANCIAL ASSISTANCE
 FOR THE YEAR ENDED JUNE 30, 2020**

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 Financial Assistance

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 Uniform Guidance or 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:

\$ 3,000,000 Federal

\$ 1,631,231 State

Auditee qualified as low-risk auditee? ___ Yes X No

**EARLY LEARNING COALITION OF MIAMI-DADE/MONROE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - FEDERAL AWARDS PROGRAMS AND
STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2020**

SECTION II – FINANCIAL STATEMENT FINDINGS

CURRENT YEAR FINDINGS

None

PRIOR YEAR FINDINGS

See Summary Schedule of Prior Audit Findings.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

As explained in Note 5 to the financial statements, OEL and the Organization believe that the net overpayment to providers as a result of making estimated payments related a to prior audit finding is \$8,864,000. See Summary Schedule of Prior Audit Findings for current status.

SECTION IV – OTHER ISSUES

1. A Summary Schedule of Prior Audit Findings was required and included in page 22.
2. No corrective action plan is required because there were no findings required to be reported under Federal OMB Circular Compliance Supplement.

**EARLY LEARNING COALITION OF MIAMI-DADE/MONROE, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2020**

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 Organization has reconciled 100% of the provider payments related to the prior year finding and has implemented a process with and approved by the Florida Department of Education's 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 Organization, combined with their ongoing reconciliation process was not significant to the current year. 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 Organization.