

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

**Consolidated Financial
Statements
and Supplemental
Information**

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

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Early Learning Coalition of Orange County
Orlando, Florida

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Early Learning Coalition of Orange County and Affiliate as of June 30, 2020 and 2019, and the changes in their net assets and their 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 consolidated 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*, 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 consolidated financial statements. Also, the consolidating schedules are presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and results of operations of the individual companies, and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated 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 17, 2021, on our consideration of Early Learning Coalition of Orange County and Affiliate'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 Orange County and Affiliate'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 Orange County and Affiliate's internal control over financial reporting and compliance.

Moss, Krusick & Associates, LLC

Winter Park, Florida
March 17, 2021

Early Learning Coalition of Orange County

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

June 30, 2020 and 2019

	2020	2019
ASSETS		
Current assets		
Cash and cash equivalents	\$ 2,684,141	\$ 1,995,932
Grants receivable	8,142,623	3,828,115
Due from 4C	1,682,877	3,065,596
Other assets	750,908	260,111
Total current assets	13,260,549	9,149,754
Property and equipment - net	22,389	27,986
Total assets	\$ 13,282,938	\$ 9,177,740
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and other	\$ 1,214,362	\$ 5,234,055
Due to 4C	11,079,277	1,722,060
Due to OEL	8,174	1,343,536
Deferred revenue	373,757	158,604
Accrued compensation	246,247	158,825
Total current liabilities	12,921,817	8,617,080
Commitments and contingencies	-	-
Net assets		
Without donor restrictions	361,121	560,660
Total liabilities and net assets	\$ 13,282,938	\$ 9,177,740

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

Early Learning Coalition of Orange County

CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

Years Ended June 30, 2020 and 2019

	2020	2019
REVENUES AND SUPPORT		
Government grants:		
School Readiness	\$ 52,335,692	\$ 46,620,774
Voluntary Pre-Kindergarten	31,627,114	30,824,096
Preschool Development	218,639	-
Other grant income	1,027,358	520,202
Other income	331,102	562,591
In-kind	168,985	170,224
	85,708,890	78,697,887
EXPENSES		
Program services:		
School Readiness	50,985,697	45,953,924
Voluntary Pre-Kindergarten	30,941,128	30,318,064
Other	1,675,766	729,241
In-kind	168,985	170,224
	83,771,576	77,171,453
Coalition support services:		
Management and general	2,136,853	1,305,633
	85,908,429	78,477,086
Total expenses		
	85,908,429	78,477,086
Change in net assets	(199,539)	220,801
NET ASSETS AT BEGINNING OF YEAR	560,660	339,859
NET ASSETS AT END OF YEAR	\$ 361,121	\$ 560,660

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

Early Learning Coalition of Orange County

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (199,539)	\$ 220,801
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	5,597	5,597
(Increase) decrease in assets:		
Grants receivable	(4,314,508)	2,234,040
Due from 4C	1,382,719	(3,065,596)
Other assets	(490,797)	(199,659)
Increase (decrease) in liabilities:		
Accounts payable and other	(4,019,693)	(333,789)
Deferred revenue	215,153	(1,914)
Due to 4C	9,357,217	1,722,060
Due to OEL	(1,335,362)	1,343,536
Accrued compensation	87,422	20,555
	<u>688,209</u>	<u>1,945,631</u>
Net cash provided by operating activities		
	<u>688,209</u>	<u>1,945,631</u>
Net increase in cash and cash equivalents		
	688,209	1,945,631
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,995,932</u>	<u>50,301</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 2,684,141</u>	<u>\$ 1,995,932</u>

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

Early Learning Coalition of Orange County

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2020

	Program Services				Total	Coalition Support Services	Total
	School Readiness	Voluntary Pre-Kindergarten	Other	In-kind			
Pass-through payments to subrecipients	\$ 46,461,703	\$ 30,609,147	\$ 740,424	\$ -	\$ 77,811,274	\$ 963,112	\$ 78,774,386
Salaries and benefits	2,171,324	263,709	347,762	-	2,782,795	898,555	3,681,350
Quality initiatives	1,612,979	74	468,268	-	2,081,321	22,237	2,103,558
Office expense	211,242	25,181	3,714	-	240,137	77,726	317,863
Rent	216,062	14,730	12	-	230,804	38,005	268,809
Professional fees	104,632	5,644	88,009	-	198,285	36,501	234,786
In-kind	-	-	-	168,985	168,985	-	168,985
Community outreach	73,139	15,782	21,502	-	110,423	17,268	127,691
Training and development	64,169	496	178	-	64,843	19,764	84,607
Repairs and maintenance	35,626	3,229	-	-	38,855	27,496	66,351
Other expense	7,635	1,632	-	-	9,267	31,316	40,583
Travel	19,820	739	5,650	-	26,209	3,458	29,667
Printing and reproduction	7,366	765	247	-	8,378	1,415	9,793
Total expenses	\$ 50,985,697	\$ 30,941,128	\$ 1,675,766	\$ 168,985	\$ 83,771,576	\$ 2,136,853	\$ 85,908,429

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

Early Learning Coalition of Orange County

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2019

	Program Services				Coalition Support Services	Total	
	School Readiness	Voluntary Pre-Kindergarten	Other	In-kind			
Pass-through payments to subrecipients	\$ 42,174,782	\$ 30,133,630	\$ 38,131	\$ -	\$ 72,346,543	\$ 1,633	\$ 72,348,176
Salaries and benefits	1,824,202	168,667	279,301	-	2,272,170	1,007,994	3,280,164
Quality initiatives	1,318,024	70	279,214	-	1,597,308	2,001	1,599,309
Rent	203,327	451	-	-	203,778	55,840	259,618
Professional fees	127,712	121	59,361	-	187,194	42,684	229,878
In-kind	-	-	-	170,224	170,224	-	170,224
Community outreach	66,191	14,387	36,896	-	117,474	25,583	143,057
Office expense	79,275	436	4,243	-	83,954	33,795	117,749
Training and development	76,205	2	652	-	76,859	12,010	88,869
Repairs and maintenance	5,950	1	-	-	5,951	74,808	80,759
Other expense	22,043	1	11,793	-	33,837	39,985	73,822
Travel	39,084	283	18,235	-	57,602	6,528	64,130
Printing and reproduction	17,129	15	1,415	-	18,559	2,772	21,331
Total expenses	\$ 45,953,924	\$ 30,318,064	\$ 729,241	\$ 170,224	\$ 77,171,453	\$ 1,305,633	\$ 78,477,086

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

Early Learning Coalition of Orange County

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2020

NOTE A – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Organization and nature of activities

Orange County School Readiness Coalition, Inc. d/b/a Early Learning Coalition of Orange County (“the Coalition”), was organized on May 9, 2001 as a Florida not-for-profit corporate 501(c)(3) entity. The Coalition was created by Florida Legislators, with the enactment of Section 411.01, Florida Statutes. The Coalition receives funding from federal and state grants through the Office of Early Learning and local funding sources. The Coalition’s mission is to promote high quality school readiness services and after school care through community-responsive policy guidance and program outcome oversight. Led by a board of community leaders, the Coalition’s priority is to ensure that all eligible children, birth through five years of age, in Orange County are afforded the opportunity for developmentally appropriate learning experiences leading to enhanced academic success, as funding permits, and to support the economic self-sufficiency of low income families in need of before and after school care.

Effective December 29, 2002, Foundation for Early Childhood Development, Inc. (“Foundation”) was established as a separate 501(c)(3) organization to benefit and be responsive to the needs of the Coalition and to conduct fundraising activities and act as an endowment for the Coalition to provide services and materials to enhance the development of children prior to entering kindergarten.

The Coalition contracts primarily with Community Coordinated Care for Children, Inc., an independent 501(c)(3), to assist in providing eligible children and families access to Coalition funded services. (See Note E – Related Party Transactions.)

2. Principles of consolidation

The Early Learning Coalition of Orange County and the Foundation for Early Childhood Development, Inc. (collectively the “Organization”) have common members of their Boards of Directors (the “Board”) and utilize the same management and employees. They were organized to achieve common goals. Therefore, the accompanying financial statements are presented on a consolidated basis. All significant intercompany accounts and transactions have been eliminated in consolidation.

3. 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.

Early Learning Coalition of Orange County

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2020

NOTE A – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3. Revenue recognition (continued)

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 Organization 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 Organization'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 Organization 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. 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 Voluntary Pre-Kindergarten grants, the Organization receives advances on revenue which are to be repaid to the state.

4. Functional allocation of expenses

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

5. Use of estimates

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

Early Learning Coalition of Orange County

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2020

**NOTE A – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)**

6. Basis of accounting and financial statement presentation

The accompanying consolidated financial statements and accompanying consolidated schedules have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Organization is required to report 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 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 Organization 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 consolidated 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 Organization to expend the income generated by the assets in accordance with the provisions of additional donor imposed stipulations or a Board approved spending policy.

7. Cash and cash equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

The Organization maintains their cash in deposit accounts in banks covered by the Federal Deposit Insurance Corporation (FDIC). The FDIC insures the first \$250,000 of balance per depositor per institution. At June 30, 2020 and 2019, the Organization had \$2,511,388 and \$1,250,923, respectively, in excess of federally insured limits. The Organization has not experienced any losses in such accounts and does not believe they are exposed to any significant credit risk on cash and cash equivalents.

Early Learning Coalition of Orange County

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2020

**NOTE A – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)**

8. Grants receivable and grants advance

Grants receivable are due from federal and state governmental agencies and recorded when services are provided. The Organization's receivables as of June 30, 2020 and 2019 are due in less than one year and management believes that all receivables are fully collectible. Grants advance represents prepayments to subreipients for future services under grant contracts.

9. Contributions

Contributions to the Organization represent unconditional promises to give and are recognized in the period that the promises to give are made. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met.

10. Property and equipment

The Organization's policy is to capitalize property and equipment with a cost in excess of \$5,000. Depreciation is computed on the straight line basis over the expected life of the asset. Office furniture is depreciated over ten years.

Property acquired with governmental funds is considered to be owned by the Organization while used in the program for which it was purchased or in future authorized programs; however, its disposition as well as the ownership of any proceeds from the sale of assets therefrom is subject to applicable regulations.

11. Deferred revenue

Deferred revenue represents other program income received but not yet earned.

12. Donated services, materials, and facilities

Donated services, materials, and facilities that are measurable are recorded as support at their fair market values at the date of receipt by the Organization. A corresponding amount is recorded as expense or property and equipment. Donated services, materials and facilities aggregating \$168,985 and \$170,224 for the years ended June 30, 2020 and 2019, respectively, are included as income and expense in the accompanying consolidated statements of activities at their estimated fair values at date of receipt.

Early Learning Coalition of Orange County

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2020

**NOTE A – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)**

13. 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 Organization is evaluating the potential effects ASU 2016-02 will have on its consolidated financial statements.

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 Organization's changed its presentation of net assets classes and expanded the footnote disclosures in these consolidated financial statements as required by ASU 2016-14.

14. Income taxes

The Coalition and the Foundation are exempt from income tax under Section 501(c)(3) of the Internal Revenue Code; therefore, no income tax provision is required in the accompanying consolidated financial statements. The Coalition and Foundation are not classified as private foundations. Contributions to the Organization are generally qualified as deductible charitable contributions for tax purposes.

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

Early Learning Coalition of Orange County

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2020

**NOTE A – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)**

15. Subsequent events

Management has evaluated the effect subsequent events would have on the accompanying consolidated financial statements through the date these consolidated financial statements were available to be issued on March 17, 2021.

NOTE B – ECONOMIC DEPENDENCE

The Organization received substantially all of its revenue from federal and state contracts during the years ended June 30, 2020 and 2019. The continuance of state and federal funding is subject to annual legislative budgetary review.

NOTE C – 401K PLAN

The Coalition established a 401(k) Plan effective January 1, 2006 for all qualifying employees. All employees with one full year of service and at least 21 years of age are eligible to participate in the Plan. The Coalition's Plan includes a 401(k) match fund for participating employees of .25% per 1% of salary (maximum of 1% match) and 5% Safe Harbor Contribution. Contributions to the profit sharing component of the Plan are at the discretion of the Coalition and are determined on an annual basis. The Coalition provided for matching contributions of \$128,399 and \$120,722 to the Plan for the years ended June 30, 2020 and 2019, respectively. Employees are immediately vested in their contributions and the matching contributions.

NOTE D – MATCH FROM LOCAL RESOURCES

The General Appropriations Act requires a match from local sources to draw down the federally funded School Readiness child care dollars for the working poor eligible families. In 2020 and 2019, \$2.10 million and \$2.87 million dollars, respectively, of match was raised to provide \$21.07 million and \$21.10 million, respectively, of federal dollars for the working poor eligible families within Orange County.

Early Learning Coalition of Orange County

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2020

NOTE E – RELATED PARTY TRANSACTIONS

As mandated by the Florida Statute 411.01 (the School Readiness Act), the Coalition’s Board of Directors members must include a county health department director and a president of a community college or his/her designee as voting related party members. Additional members of the Board are derived from the community at large, as designed by the Coalition’s By-laws. The Coalition’s Board members included the district superintendent of schools or his/her designee, a central agency administrator, a representative of private childcare providers, a representative of faith-based childcare providers and a representative of programs for children with disabilities under the Federal Individuals with Disabilities Education Act. The Board members are related parties.

At June 30, 2020 and 2019, amounts due to related parties are included in accounts payable in the consolidated statements of financial position as follows:

	<u>2020</u>	<u>2019</u>
Community Coordinated Care for Children (4C)	\$ 11,079,277	\$ 4,351,050
Orange County Public School District	<u>46,731</u>	<u>60,169</u>
Total	<u>\$ 11,126,008</u>	<u>\$ 4,411,219</u>

In addition, the Coalition has a due from 4C of \$1,682,877 and \$3,065,596 for the years ended June 30, 2020 and 2019, respectively, for over payments to providers by 4C. The Coalition also has amounts due to 4C for under payments to providers of \$0 and \$1,722,060 for the years ended June 30, 2020 and 2019, respectively.

The Coalition passes through grants received from federal and state agencies to the above organizations which act as sub-recipients of the federal and state grants. Total payments made by the Coalition to these organizations during the years ended June 30, 2020 and 2019 were \$78,774,386 and \$72,258,557, respectively.

Effective July 1, 2010, the Florida Legislature mandated that all board members of Early Learning Coalitions shall be considered eligible to vote on all matters, subject to the restrictions imposed on all board members by the by-laws of the Coalition for related party transactions.

Early Learning Coalition of Orange County

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2020

NOTE F – COMMITMENTS AND CONTINGENCIES

1. Operating leases

The Coalition entered into an 11-year operating lease with Surterre, LLC which commenced July 1, 2017 for office space. The Coalition also leases various office equipment under separate operating leases with the last lease expiring March 2022.

The following is a schedule of the future minimum lease payments required under these leases for the fiscal years ending June 30:

2021	\$ 279,855
2022	287,432
2023	294,435
2024	304,004
2025	313,884
Thereafter	<u>909,971</u>
	<u>\$ 2,389,611</u>

Rent expense for the years ended June 30, 2020 and 2019 was \$268,809 and \$259,618 respectively.

2. Federal and state appropriated funds

Amounts received from federal and state agencies are subject to audit and adjustment at the discretion of those entities. If expenditures are disallowed as a result of these audits, the claims for reimbursement would be a liability of the Organization.

NOTE G – PROPERTY AND EQUIPMENT

Property and equipment at June 30 are summarized as follows:

	<u>2020</u>	<u>2019</u>
Office furniture	\$ 39,180	\$ 39,180
Less: accumulated depreciation	<u>(16,791)</u>	<u>(11,194)</u>
Net property and equipment	<u>\$ 22,389</u>	<u>\$ 27,986</u>

Depreciation expense for the years ended June 30, 2020 and 2019 was \$5,597.

Early Learning Coalition of Orange County

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2020

NOTE H – CALCULATION OF MAXIMUM ADMINISTRATIVE EXPENSES

The following tables compare 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	\$ 1,692,164	\$ 1,213,187	\$ 2,905,351
Maximum 5% and 4% administrative expenses allowable per OEL	<u>2,616,785</u>	<u>1,214,485</u>	<u>3,831,270</u>
Administrative expenses (under) maximum	<u>\$ (924,621)</u>	<u>\$ (1,298)</u>	<u>\$ (925,919)</u>
2019:			
Total administrative expenses subject to 5% and 4% maximum	\$ 1,400,238	\$ 1,183,534	\$ 2,583,772
Maximum 5% and 4% administrative expenses allowable per OEL	<u>2,279,802</u>	<u>1,183,535</u>	<u>3,463,337</u>
Administrative expenses (under) maximum	<u>\$ (879,564)</u>	<u>\$ (1)</u>	<u>\$ (879,565)</u>

NOTE I – 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 salaries and benefits, quality initiatives, rent, professional fees, office expense, repairs and maintenance, community outreach, training and development, travel, printing and reproduction, and other expense, which are allocated on the basis of estimates of time and effort.

Early Learning Coalition of Orange County

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2020

NOTE J – LIQUIDITY AND AVAILABILITY OF RESOURCES

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

	2020	2019
Cash and cash equivalents	\$ 2,684,141	\$ 1,995,932
Grants receivable	8,142,623	3,828,115
Due from 4C	1,682,877	3,065,596
Total financial assets available within one year	12,509,641	8,889,643
Accounts payable and other	1,214,362	5,234,055
Due to 4C	11,079,277	1,722,060
Due to OEL	8,174	1,343,536
Deferred revenue	373,757	158,604
Accrued compensation	246,247	158,825
Total amounts unavailable for general expenditures within one year	12,921,817	8,617,080
Total net financial assets available within one year	\$ (412,176)	\$ 272,563

As part of the Organization’s liquidity management, it has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations come due. The Organization receives approximately 98% of its funding from federal and state grants passed through OEL for the years ended June 30, 2020 and 2019 which are on a reimbursable basis. Throughout the year, the Organization receives advances and reimbursements each month to cover incurred expenses.

NOTE K – 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 Organization’s financial condition, liquidity, and future results of operations.

Management is actively following federal and state mandates/guidelines and 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 Organization 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.

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**

To the Board of Directors of
Early Learning Coalition of Orange County
Orlando, 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 consolidated financial statements of Early Learning Coalition of Orange County (the "Coalition") and the Foundation for Early Childhood Development, Inc. (the "Foundation") (nonprofit organizations) (collectively the "Organization"), which comprise the consolidated statement of financial position as of June 30, 2020, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated March 17, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization'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 consolidated 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. 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.

Partners

W. Ed Moss, Jr.
Joe M. Krusick
Cori G. Cameron
Bob P. Marchewka
Ric Perez
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Accountants

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's consolidated 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 consolidated 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 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.

Moss, Krusick & Associates, LLC

Winter Park, Florida
March 17, 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

Partners

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To the Board of Directors of
Early Learning Coalition of Orange County
Orlando, Florida

Report on Compliance for Each Major Federal Program and State Project

We have audited Early Learning Coalition of Orange County (the "Coalition") and the Foundation for Early Childhood Development, Inc. (the "Foundation") (nonprofit organizations) (collectively 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*, and special audit guidance provided by the Office of Early Learning 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 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 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), State of Florida Chapter 10.650, *Rules of the Auditor General*, and special audit guidance provided by the Office of Early Learning. Those standards and the Uniform Guidance and 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 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 Each Major Federal Program and State Project

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

Report on Internal Control Over Compliance

Management of the 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 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, State of Florida Chapter 10.650, *Rules of the Auditor General*, and special audit guidance provided by the Office of Early Learning, 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 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 State of Florida 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 17, 2021

Early Learning Coalition of Orange County
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
Year Ended 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 | \$1,576,630 |
| 5. Auditee qualified as low-risk auditee? | Yes |

Identification of major programs:

<u>Name of Federal Program</u>	<u>CFDA Number</u>
Temporary Assistance for Needy Families	93.558
Child Care and Development Fund Cluster	93.575 & 93.596

Early Learning Coalition of Orange County
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
Year Ended 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 Projects</u>	<u>CSFA Number</u>
Voluntary Pre-Kindergarten Education Program	48.108

Section II – Enhanced Fields System Modernization (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 Financial Assistance 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 Orange County
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
Year Ended 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's sub-recipient implemented a contingency operation in lieu of the EFS Mod system, by estimating the amounts to be paid to the providers monthly, based on prior payments and in some cases using sign-in/sign-out sheets to calculate the estimated payment, because attendance, bill codes and parent reimbursement amounts were not available from the EFS Mod System. 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 functionality and accuracy of the EFS Mod system during the fiscal year.

Recommendation: The Coalition's sub-recipient 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's sub-recipient 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 sub-recipient's unresolved variance between the amount earned and paid to providers and the EFS Mod system is \$4,825,027, 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.

Early Learning Coalition of Orange County
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
Year Ended 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.

Effect: The Coalition's sub-recipient implemented a contingency operation in lieu of the EFS Mod system, by estimating the amounts to be paid to the providers monthly, based on ad hoc reports received from OEL as attendance and bill codes were not available from the EFS Mod system. 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 functionality and accuracy of the EFS Mod system during the fiscal year.

Recommendation: The Coalition's sub-recipient 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's sub-recipient 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 Orange County

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

Year Ended June 30, 2020

Grantor/Program Title	CFDA/ CSFA	Award Number	Expenditures	Transfer to Subrecipient
Federal Awards:				
U.S. Department of Health and Human Services				
<i>Passed through the Office of Early Learning School Readiness Services</i>				
Child Care and Development Block Grant	93.575	EL370	\$ 19,550,115	\$ 17,224,847
Child Care and Development Block Grant	93.575	EL370	2,949,065	2,949,065
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	EL370	<u>16,224,824</u>	<u>14,295,062</u>
Total Child Care and Development Fund Cluster			38,724,004	34,468,974
Temporary Assistance for Needy Families	93.558	EL370	13,586,508	11,970,544
Preschool Development Grant	93.434	EL370	218,639	-
Social Services Block Grant	93.667	EL370	<u>25,180</u>	<u>22,185</u>
Total Expenditures of Federal Awards			<u>\$ 52,554,331</u>	<u>\$ 46,461,703</u>
State Financial Assistance:				
State of Florida Department of Education				
Voluntary Pre-Kindergarten Education Program	48.108	EL370	\$ 31,575,305	\$ 30,559,005
Voluntary Pre-Kindergarten Outreach and Awareness	48.108	OA370	<u>51,809</u>	<u>50,142</u>
Total Expenditures of State Financial Assistance			<u>\$ 31,627,114</u>	<u>\$ 30,609,147</u>

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), State of Florida Chapter 10.650, Rules of the Auditor General, and the Florida Department of Fiscal Service's State Projects Compliance Supplement. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Indirect Cost Rates

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

See independent auditors' report.

Early Learning Coalition of Orange County

CONSOLIDATING SCHEDULE FOR STATEMENT OF FINANCIAL POSITION

June 30, 2020

	Early Learning Coalition of Orange County	Foundation for Early Childhood Development, Inc.	Eliminations	Total
ASSETS				
Current assets				
Cash and cash equivalents	\$ 2,655,473	\$ 28,668	\$ -	\$ 2,684,141
Grants receivable	8,142,623	-	-	8,142,623
Due from 4C	1,682,877	-	-	1,682,877
Other assets	750,908	-	-	750,908
Total current assets	13,231,881	28,668	-	13,260,549
Property and equipment - net	22,389	-	-	22,389
Total assets	<u>\$ 13,254,270</u>	<u>\$ 28,668</u>	<u>\$ -</u>	<u>\$ 13,282,938</u>
LIABILITIES AND NET ASSETS				
Current liabilities				
Accounts payable and other	\$ 1,214,362	\$ -	\$ -	\$ 1,214,362
Due to 4C	11,079,277	-	-	11,079,277
Due to OEL	8,174	-	-	8,174
Deferred revenue	373,757	-	-	373,757
Accrued compensation	246,247	-	-	246,247
Total current liabilities	12,921,817	-	-	12,921,817
Commitments and contingencies	-	-	-	-
Net assets				
Without donor restrictions	332,453	28,668	-	361,121
Total liabilities and net assets	<u>\$ 13,254,270</u>	<u>\$ 28,668</u>	<u>\$ -</u>	<u>\$ 13,282,938</u>

See independent auditors' report.

Early Learning Coalition of Orange County

**CONSOLIDATING SCHEDULE FOR STATEMENT OF ACTIVITIES
AND CHANGES IN NET ASSETS**

Year Ended June 30, 2020

	Early Learning Coalition of Orange County	Foundation for Early Childhood Development, Inc.	Eliminations	Total
REVENUES AND SUPPORT				
Government grants:				
School Readiness	\$ 52,335,692	\$ -	\$ -	\$ 52,335,692
Voluntary Pre-Kindergarten	31,627,114	-	-	31,627,114
Other	218,639	-	-	218,639
Other grant income	1,027,358	-	-	1,027,358
Other income	331,022	80	-	331,102
In-kind	168,985	-	-	168,985
	<u>85,708,810</u>	<u>80</u>	<u>-</u>	<u>85,708,890</u>
Total revenues and support				
EXPENSES				
Program services:				
School Readiness	50,985,697	-	-	50,985,697
Voluntary Pre-Kindergarten	30,941,128	-	-	30,941,128
Other	1,675,766	-	-	1,675,766
In-kind	168,985	-	-	168,985
	<u>83,771,576</u>	<u>-</u>	<u>-</u>	<u>83,771,576</u>
Total program services				
Coalition support services:				
Management and general	2,136,853	-	-	2,136,853
	<u>85,908,429</u>	<u>-</u>	<u>-</u>	<u>85,908,429</u>
Total expenses				
Change in net assets	(199,619)	80	-	(199,539)
NET ASSETS AT BEGINNING OF YEAR	<u>532,072</u>	<u>28,588</u>	<u>-</u>	<u>560,660</u>
NET ASSETS AT END OF YEAR	<u>\$ 332,453</u>	<u>\$ 28,668</u>	<u>\$ -</u>	<u>\$ 361,121</u>

See independent auditors' report.