

# 2020

Early Learning Coalition of the Nature Coast, Inc.

Financial Statements  
and Independent Auditor's Report

June 30, 2020

**PURVIS GRAY**  
CERTIFIED PUBLIC ACCOUNTANTS

**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITOR’S REPORT**

**EARLY LEARNING COALITION OF  
THE NATURE COAST, INC.  
CRYSTAL RIVER, FLORIDA**

**JUNE 30, 2020**

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Early Learning Coalition of the Nature Coast, Inc.  
Crystal River, Florida

### Report on the Financial Statements

We have audited the accompanying financial statements of Early Learning Coalition of the Nature Coast, Inc. (the Coalition), a non-profit 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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.

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Board of Directors  
Early Learning Coalition of the Nature Coast, Inc.  
Crystal River, Florida

## INDEPENDENT AUDITOR'S REPORT

### Opinion

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

### Other Matters

#### *Other Information*

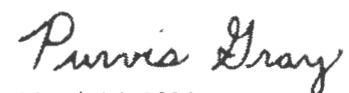
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, 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 March 26, 2021, on our consideration of the Coalition's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is 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 the Coalition'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 the Coalition's internal control over financial reporting and compliance.

### Report on Summarized Comparative Information

We have previously audited the Coalition's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 26, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.



March 26, 2021  
Ocala, Florida

**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2020,**  
**WITH COMPARATIVE TOTALS FOR JUNE 30, 2019**  
**EARLY LEARNING COALITION OF THE NATURE COAST, INC.**  
**CRYSTAL RIVER, FLORIDA**

<b>ASSETS</b>		
	<b>2020</b>	<b>2019</b>
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 1,040,187	\$ 982,584
Grants Receivable	321,024	181,120
Prepaid Expenses	28,346	20,055
Deposits	9,409	9,409
<b>Total Current Assets</b>	<b>1,398,966</b>	<b>1,193,168</b>
 <b>Property and Equipment, Net of Accumulated Depreciation</b>	 -	 -
 <b>Total Assets</b>	 <b>1,398,966</b>	 <b>1,193,168</b>
 <b>LIABILITIES AND NET ASSETS</b>		
 <b>Current Liabilities</b>		
Accounts Payable	989,069	818,099
Accrued Payroll and Related Expenses	78,059	96,664
Compensated Absences	84,255	74,818
<b>Total Current Liabilities</b>	<b>1,151,383</b>	<b>989,581</b>
 <b>Net Assets</b>		
Without Donor Restrictions	247,583	203,587
<b>Total Net Assets</b>	<b>247,583</b>	<b>203,587</b>
 <b>Total Liabilities and Net Assets</b>	 <b>\$ 1,398,966</b>	 <b>\$ 1,193,168</b>

See accompanying notes.

**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2020,**  
**WITH COMPARATIVE TOTALS FOR JUNE 30, 2019**  
**EARLY LEARNING COALITION OF THE NATURE COAST, INC.**  
**CRYSTAL RIVER, FLORIDA**

	<b>2020</b>	<b>2019</b>
<b>Unrestricted Net Assets</b>		
<b>Operating Revenues</b>		
Office of Early Learning Grant/Contract:		
School Readiness Program	\$ 10,223,537	\$ 7,685,268
Voluntary Pre-Kindergarten Program	4,584,466	4,606,580
Voluntary Pre-Kindergarten Outreach and Awareness Grant	3,376	7,417
Preschool Development Program	32,794	-
Other Program Revenues	57,265	126,196
<b>Total Operating Revenues</b>	<b>14,901,438</b>	<b>12,425,461</b>
<b>Operating Expenses</b>		
Program Services:		
School Readiness Program	9,831,632	7,164,630
Voluntary Pre-Kindergarten Program	4,416,911	4,431,170
Voluntary Pre-Kindergarten Outreach and Awareness	3,376	7,417
Child Passenger Safety	4,422	3,685
Performance Pilot Program	-	196,490
General and Administrative	601,101	579,017
<b>(Total Operating Expenses)</b>	<b>(14,857,442)</b>	<b>(12,382,409)</b>
<b>Increase in Assets Without Donor Restrictions</b>	43,996	43,052
<b>Net Assets, Beginning of Year</b>	203,587	160,535
<b>Net Assets, End of Year</b>	<b>\$ 247,583</b>	<b>\$ 203,587</b>

See accompanying notes.

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2020,  
WITH COMPARATIVE TOTALS FOR JUNE 30, 2019  
EARLY LEARNING COALITION OF THE NATURE COAST, INC.  
CRYSTAL RIVER, FLORIDA**

	Program Services					2020 Total	2019 Total
	Voluntary Pre-Kindergarten				Child Passenger Safety		
	School Readiness Program	Voluntary Pre- Kindergarten Program	Outreach and Awareness	General and Administrative			
<b>Functional Expenses</b>							
Contracted Children Services	\$ 8,073,937	\$ 4,416,911	\$ -	\$ -	\$ -	\$ 12,490,848	\$ 10,447,511
Provider Grants	165,950	-	-	-	-	165,950	-
Advertising	5,588	-	-	-	1,221	6,809	5,720
Salaries and Benefits	1,096,465	-	3,376	-	438,275	1,538,116	1,496,392
Professional Fees	559	-	-	-	29,545	30,104	27,248
Staff Development and Training	18,946	-	-	-	12,688	31,634	6,860
Quality Development	6,446	-	-	-	-	6,446	57,369
Insurance	2,097	-	-	-	5,533	7,630	8,289
Internet/Computer Expense	16,812	-	-	-	5,674	22,486	93,543
Office Lease	72,398	-	-	-	23,513	95,911	93,046
Office Supplies	5,775	-	-	-	3,494	9,269	11,582
Publications	-	-	-	-	3,074	3,074	4,654
Telephone	15,707	-	-	-	5,243	20,950	21,286
Travel	8,911	-	-	-	10,797	19,708	29,193
Depreciation	-	-	-	-	-	-	271
Printing and Postage	1,985	-	-	-	1,434	3,419	4,628
Utilities	14,689	-	-	-	4,436	19,125	18,249
Small Equipment	15,241	-	-	-	4,964	20,205	11,377
Maintenance	12,401	-	-	-	4,150	16,551	17,662
Other Miscellaneous	297,725	-	-	4,422	47,060	349,207	27,529
<b>Total Functional Expenses</b>	<b>\$ 9,831,632</b>	<b>\$ 4,416,911</b>	<b>\$ 3,376</b>	<b>\$ 4,422</b>	<b>\$ 601,101</b>	<b>\$ 14,857,442</b>	<b>\$ 12,382,409</b>

See accompanying notes.

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2020,**  
**WITH COMPARATIVE TOTALS FOR JUNE 30, 2019**  
**EARLY LEARNING COALITION OF THE NATURE COAST, INC.**  
**CRYSTAL RIVER, FLORIDA**

	<b>2020</b>	<b>2019</b>
<b>Cash Flows from Operating Activities</b>		
Support and Revenue Collected:		
Contract and Grant Fees	\$ 14,753,243	\$ 13,051,291
Payments for Expenses:		
Vendors and Suppliers	(13,166,961)	(10,723,723)
Employees	(1,528,679)	(1,490,299)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>57,603</b>	<b>837,269</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	57,603	837,269
<b>Cash and Cash Equivalents, Beginning of Year</b>	982,584	145,315
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 1,040,187</b>	<b>\$ 982,584</b>
<b><u>Reconciliation of Change in Net Assets to Net Cash</u></b>		
<b><u>Provided by (Used in) Operating Activities</u></b>		
Increase (Decrease) in Net Assets	\$ 43,996	\$ 43,052
Reconciling Adjustments:		
Depreciation	-	271
Increase (Decrease) in Operating Assets:		
Grants Receivable	(139,904)	615,268
Prepaid Expenses	(8,291)	10,562
Increase (Decrease) in Operating Liabilities:		
Accounts Payable and Accrued Expenses	161,802	168,116
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>\$ 57,603</b>	<b>\$ 837,269</b>

See accompanying notes.



**NOTES TO FINANCIAL STATEMENTS**  
**EARLY LEARNING COALITION OF THE NATURE COAST, INC.**  
**CRYSTAL RIVER, FLORIDA**

**Note 1 - Summary of Significant Accounting Policies**

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements is as follows:

**Reporting Entity**

Early Learning Coalition of the Nature Coast, Inc. (the Coalition) is a Florida non-profit corporation. The Coalition is responsible for the development, implementation, and administrative oversight of federal and state grant funded school readiness and voluntary pre-kindergarten programs in Citrus, Sumter, Dixie, Levy, and Gilchrist Counties. The Coalition's mission is to collaborate with parents to integrate a system of services and facilitate quality early education programs that include linkages to all areas of child development.

The Coalition is established to prepare preschool children to enter kindergarten ready to learn, as measured by criteria established by Office of Early Learning, which operates under the direction of the Governor of the State of Florida, and acts as the lead agency pursuant to Florida Statutes, Section 1002.82. The Coalition is primarily supported by federal and state grants from the Office of Early Learning passed through from the Department of Health and Human Services and the State of Florida.

**Programs Operated**

The Coalition operates the following programs:

■ **School Readiness Program**

Provides financial assistance for child-care costs to families who meet the qualifying guidelines, including after school care for school age children and provides early education services primarily to four year olds.

■ **Voluntary Pre-Kindergarten Program**

Provides children who reside in Florida, and will attain the age of four years on or before September 1 of the school, year a voluntary pre-kindergarten education program.

**Basis of Accounting**

For financial reporting purposes, the Coalition uses the accrual basis of accounting, which recognizes revenue when earned and expenses as incurred. Federal and state government grants are recorded as support when performance occurs under the terms of the grant agreement.

**Financial Statement Presentation**

Financial statement presentation follows *Accounting Standards Codification (ASC) 958-205, Financial Statement of Not-For-Profit Organizations*. Under ASC 958-205, the Coalition is required to report information regarding its financial positions and activities as follows:

**NOTES TO FINANCIAL STATEMENTS**  
**EARLY LEARNING COALITION OF THE NATURE COAST, INC.**  
**CRYSTAL RIVER, FLORIDA**

■ **Without Donor Restrictions**

Net assets that are not subject to donor-imposed stipulations.

■ **With Donor Restrictions**

Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Coalition and/or passage of time. When a restriction expires, with donor restriction assets are reclassified to without donor restrictions, and reports in the statement of activities as net assets released from restriction.

**Revenues**

Revenues from federal and state grants and contracts are recorded based upon terms of the grantor allotment, which generally provide that revenues are earned when the allowable costs of the specific grant provisions have been incurred. Revenues are subject to audit by the grantor and, if the examination results in a disallowance of any expenditure, repayment could be required. Management believes that all monies have been earned as of June 30, 2020. For the year ended June 30, 2020, 99% of the Coalition's revenues are from one funding agency.

**Functional Cost Allocation**

Management allocates certain management and general costs among the various programs. Indirect costs for School Readiness and Voluntary Pre-Kindergarten Programs are included in management and general. Costs subject to allocation include certain salaries and payroll taxes, telephone and utilities, insurance, repairs and maintenance, and professional fees. Direct costs are specifically charged to the program which incurred the costs.

**Cash and Cash Equivalents**

The Coalition considers cash and cash equivalents to include cash deposits and investments with original maturities of three months or less.

**Fair Value of Financial Instruments**

The carrying amounts of cash and cash equivalents and grants receivable are at fair value.

**Property and Equipment**

Property and equipment are recorded at cost. The Coalition capitalizes all property and equipment having an original cost of \$5,000 or greater. Depreciation is provided over their estimated lives (five years for equipment) using the straight-line method.

**Grants Receivable**

Receivables are recorded by the Coalition for funds to be received from various federal and state grants as revenues are earned. An allowance for uncollectible receivables has not been recorded, as all amounts are deemed collectible.

**Income Taxes**

The Coalition is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, the financial statements do not reflect a provision for income taxes.

It is the policy of management to evaluate its tax positions on an ongoing basis and to disclose any such positions it believes would have a material impact on the financial statements and related notes. Management also believes that no such required disclosures currently exist.

**NOTES TO FINANCIAL STATEMENTS**  
**EARLY LEARNING COALITION OF THE NATURE COAST, INC.**  
**CRYSTAL RIVER, FLORIDA**

The Coalition is no longer subject to U.S. federal and state income tax examinations by tax authorities for years before 2017. The Coalition would recognize interest accrued related to unrecognized tax benefits in interest expense and penalties, if any, in operating expenses.

**Accounting Estimates**

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

**Management's Review**

The Coalition has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through March 26, 2021, the date the financial statements were available to be issued.

**Comparative Financial Statements**

The financial statements include certain prior-year summarized information in total. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Coalition's financial statements for the year ended June 30, 2019, from which the summarized information was derived. Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

**Note 2 - Cash and Cash Equivalents**

At June 30, 2020, the carrying amount of cash on hand and on deposit with banks was \$1,040,187 and the related bank balance was \$1,271,697. The Coalition occasionally maintains deposit balances in excess of those insured up to the Federal Deposit Insurance Corporation limits. Additionally, the Coalition believes that deposits are covered under Florida Statute 280 and has filed the related forms. The Coalition has no investments.

**Note 3 - Property and Equipment**

The following is a schedule of property and equipment owned by the Coalition at June 30, 2020:

Office Equipment	\$	8,798
Computer Equipment		4,700
		13,498
(Accumulated Depreciation)		(13,498)
<b>Property and Equipment, Net</b>	<b>\$</b>	<b>-</b>

Depreciation expense for the year ended June 30, 2020, is \$0.

**NOTES TO FINANCIAL STATEMENTS**  
**EARLY LEARNING COALITION OF THE NATURE COAST, INC.**  
**CRYSTAL RIVER, FLORIDA**

**Note 4 - Compensated Absences**

The Coalition changed the policy for employees' rights to receive compensation for future absences. The new policy allows exempt employees to accrue a maximum of 720 hours and non-exempt employees may accrue a maximum of 240 hours. The accumulated earned vacation liability for the period ended June 30, 2020 and 2019, is \$84,255 and \$74,818, respectively.

**Note 5 - Retirement**

The Coalition maintains a Voluntary Retirement Annuity Plan 403(b) (the Plan) for its employees. All employees are eligible for participation and employer matching contributions to the Plan on the date of employment. Contributions to the Plan are matched based on percentage of employee salaries. In 2020, the Coalition contributed \$114,252 to the Plan on behalf of the employees.

**Note 6 - Operating Lease**

The Coalition currently has a lease for office space for their Crystal River location for a ten-year period ending April 30, 2024. The Coalition has a three-year lease agreement for office space for the Chiefland location through October 14, 2020, and a seven-year lease agreement for office space in Sumter County, which expires on February 28, 2021. The Coalition also opted to terminate the lease for the Sumter County office in October 2020, with no penalty. After closure of the Chiefland and Sumter County offices, staff began utilizing remote working opportunities in conjunction with use of Crystal River office space.

The Coalition also has a three year lease agreement for copy machines, which expired on May 1, 2020. The future minimum lease payments on all items described above, are as follows:

Year Ending June 30,	Minimum Annual Rent
2021	\$ 75,804
2022	53,396
2023	54,998
2024	46,972
<b>Total</b>	<b>\$ 231,170</b>

Rent expense for the year ended June 30, 2020, is \$95,911.

**Note 7 - Subsidized Services Program Matching Requirements**

The Coalition's contract with the Office of Early Learning includes a provision requiring a local match for the subsidized childcare program; the Coalition obtained the required match.

**NOTES TO FINANCIAL STATEMENTS  
EARLY LEARNING COALITION OF THE NATURE COAST, INC.  
CRYSTAL RIVER, FLORIDA**

**Note 8 - Net Assets**

The detail of the Coalition's net assets at June 30, 2020, is as follows:

**Without Donor Restrictions**

Undesignated	\$ 247,583
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**Note 9 - Commitments and Contingencies**

**Concentrations**

The Coalition receives a substantial amount of its support from federal and state grants. A significant reduction in the level of this support, if this were to occur, may have an effect on the Coalition's programs and activities.

**Grant Compliance**

Grants require the fulfillment of certain conditions set forth in the grant agreement. Failure to fulfill the conditions could result in the return of the funds to grantors. The Coalition has deemed this contingency remote. By accepting the grants and grant agreements, the Coalition indicated its intentions to fulfill all conditions set forth in the grant agreements. The Coalition believes that it has fulfilled all conditions set forth in the grant agreements that would have a direct and material effect on the financial statements.

**Note 10 - Liquidity and Available Resources**

Financial Assets consist of cash on deposit and grants receivable as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions.

Financial Assets, as of June 30, 2020	\$ 1,361,211
Less Those Unavailable General Expenditures:	
Within One Year	
Restricted for Grant Programs	_____ -
Financial Assets Available to Meet Cash Needs for	
General Expenditures Within One Year	<u>\$ 1,361,211</u>

**ADDITIONAL ELEMENTS OF REPORT PREPARED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*,  
ISSUED BY THE COMPTROLLER GENERAL OF THE  
UNITED STATES; AND THE PROVISIONS OF OFFICE OF  
MANAGEMENT AND BUDGET (OMB) UNIFORM GUIDANCE; AND THE *RULES OF  
THE AUDITOR GENERAL* OF THE STATE OF FLORIDA**

# PURVIS GRAY

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## 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*

Board of Directors  
Early Learning Coalition of the Nature Coast, Inc.  
Crystal River, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Early Learning Coalition of the Nature Coast, Inc. (the Coalition), a non-profit organization, which comprise the statement of financial position as of June 30, 2020, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 26, 2021.

### **Internal Control Over Financial Reporting**

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

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

### CERTIFIED PUBLIC ACCOUNTANTS

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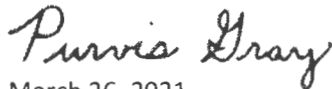
**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Coalition's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

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



March 26, 2021  
Ocala, Florida



# PURVIS GRAY

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

Board of Directors  
Early Learning Coalition of the Nature Coast, Inc.  
Crystal River, Florida

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

We have audited the Early Learning Coalition of the Nature Coast, Inc.'s (the Coalition) compliance with the types of compliance requirements described in the OMB *Compliance Supplement*, and the requirements described in the Florida Department of Financial Services, *State Projects Compliance Supplement*, that could have a direct and material effect on each of the Coalition's major federal programs and state projects for the year ended June 30, 2020. The Coalition's major federal programs and state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Coalition's major federal programs and state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); Chapter 69I-5, *Rules of the Florida Department of Financial Services*; and Chapter 10.650, *Rules of the Auditor General*. Those standards and the Uniform Guidance, and Chapter 10.650, *Rules of the Auditor General*, require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about the Coalition's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

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Board of Directors  
Early Learning Coalition of the Nature Coast, Inc.  
Crystal River, Florida

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

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

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

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

**Report on Internal Control Over Compliance**

Management of the Coalition is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Coalition’s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program or 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; Chapter 69I-5, *Rules of the Florida Department of Financial Services*; and Chapter 10.650, *Rules of the Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Coalition’s internal control over compliance.

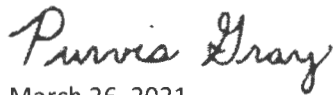
*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, non-compliance with a type of compliance requirement 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 non-compliance 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.

Board of Directors  
Early Learning Coalition of the Nature Coast, Inc.  
Crystal River, Florida

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

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.



March 26, 2021  
Ocala, Florida

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED JUNE 30, 2020  
EARLY LEARNING COALITION OF THE NATURE COAST, INC.  
CRYSTAL RIVER, FLORIDA**

Grantor/Pass-Through Program Title	CFDA/CSFA Number	Contract Number	Program or Award Amount	Expenditures
<b>Federal Awards</b>				
<b>U.S. Department of Health and Human Services</b>				
<i>Passed Through the Office of Early Learning</i>				
Preschool Development Grant	93.434	EL011	\$ 104	\$ 104
Preschool Development Grant	93.434	EL010	32,690	32,690
Total Preschool Development Grant			<u>32,794</u>	<u>32,794</u>
Temporary Assistance for Needy Families (TANF)	93.558	EL010	2,522,126	2,522,126
Social Service Block Grant	93.667	EL010	5,036	5,036
Child Care Development Fund Cluster:				
Child Care and Development Block Grant	93.575	EL019	93,772	93,772
Child Care and Development Block Grant	93.575	EL010	5,254,976	5,254,976
COVID-19 - Child Care and Development Block Grant	93.575	EL010	297,725	297,725
Child Care Mandatory and Matching Funds of the Child Care Development Fund	93.596	EL010	2,049,902	2,049,902
Total Child Care Development Fund Cluster			<u>7,696,375</u>	<u>7,696,375</u>
<b>Total U.S. Department of Health and Human Services</b>			<u>10,256,331</u>	<u>10,256,331</u>
<b>Total Expenditures of Federal Awards</b>			<u>10,256,331</u>	<u>10,256,331</u>
<b>State Financial Assistance</b>				
<b>Department of Education and Commissioner of Education</b>				
Voluntary Pre-Kindergarten Education Program	48.108	OA010	3,376	3,376
Voluntary Pre-Kindergarten Education Program	48.108	EL019	10,293	10,293
Voluntary Pre-Kindergarten Education Program	48.108	EL010	4,574,173	4,574,173
Total Voluntary Pre-Kindergarten Education Program			<u>4,587,842</u>	<u>4,587,842</u>
<b>Total Expenditures of State Financial Assistance</b>			<u>4,587,842</u>	<u>4,587,842</u>
<b>Total Expenditures of Federal Awards and State Financial Assistance</b>			<u>\$ 14,844,173</u>	<u>\$ 14,844,173</u>

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND  
STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED JUNE 30, 2020  
EARLY LEARNING COALITION OF THE NATURE COAST, INC.  
CRYSTAL RIVER, FLORIDA**

**Note 1 - Basis of Presentation**

The accompanying schedule of expenditures of federal awards and state financial assistance includes the federal grant activity of Early Learning Coalition of the Nature Coast, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance; Chapter 69I-5, *Rules of the Florida Department of Financial Services*; and Chapter 10.650, *Rules of the Auditor General*. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the financial statements.

**Note 2 - Indirect Cost Rate**

The Early Learning Coalition of the Nature Coast, Inc. has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FEDERAL AWARD PROGRAMS AND STATE FINANCIAL ASSISTANCE  
 EARLY LEARNING COALITION OF THE NATURE COAST, INC.  
 CRYSTAL RIVER, FLORIDA**

**Summary of Audit Results**

**Financial Statements**

Type of Audit Report Issued:	Unmodified Opinion
Internal Control Over Financial Reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	No
Non-compliance material to financial statements noted?	No

**Federal Awards and State Projects**

Internal Control Over Major Programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	No
Type of Audit Report Issued on Compliance for Major Programs:	Unmodified Opinion
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance and Chapter 10.650 for non-profit and for-profit organizations?	Yes
Identification of Major Programs:	
<b>Federal Program or Cluster</b>	<b>CFDA No.</b>
Childcare Development Cluster	93.575/93.596
<b>State Project</b>	<b>CSFA No.</b>
Voluntary Pre-Kindergarten Education Program	48.108
Dollar Threshold Used to Distinguish Between Type A and Type B Programs – Federal Programs	\$750,000
Dollar Threshold Used to Distinguish Between Type A and Type B Programs – State Programs	\$750,000
Auditee qualified as low-risk auditee pursuant to the Uniform Guidance?	Yes

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FEDERAL AWARD PROGRAMS AND STATE FINANCIAL ASSISTANCE  
EARLY LEARNING COALITION OF THE NATURE COAST, INC.  
CRYSTAL RIVER, FLORIDA**

**Section II – Financial Statement Findings**

There were no findings that were required to be reported to those charged with governance.

**Section III – Federal Award and State Project Findings and Questioned Costs**

There were no findings that were required to be reported to those charged with governance.

**Section IV – State of Florida, Department of Education – Office of Early Learning (OEL) Reporting Requirements**

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

**Section V – Other Issues**

- A. No summary schedule of prior audit findings is required because there were no prior audit findings related to federal programs or state projects.
- B. No management letter has been included in the report because no findings or comments were noted pursuant to Chapter 10.650, *Rules of the Auditor General*.

# PURVIS GRAY

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The Board of Directors  
Early Learning Coalition of the Nature Coast, Inc.  
Crystal River, Florida

We have audited the financial statements of Early Learning Coalition of the Nature Coast, Inc. (the Coalition) for the year ended June 30, 2020, and we have issued our report thereon dated March 26, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.650, *Rules of the Auditor General*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 1, 2020. Professional standards also require that we communicate to you the following information related to our audit:

## **Qualitative Aspects of Accounting Practices**

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Coalition are described in Note 1 to the financial statements. We noted no transactions entered into by the Coalition during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Management's estimate of the collectability of accounts receivable is based on both known and historical collections. We evaluated the key factors and assumptions used to develop the collectability of accounts receivable in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimation for the useful lives of assets is based on known and estimated useful lives and other industry standards.

## **Difficulties Encountered in Performing the Audit**

We encountered no significant difficulties in dealing with management in performing and completing our audit. However, there was a delay in receipt of the confirmation from OEL. The original confirmation was received in late January, and required additional revision and guidance for Period 13 allocations to be completed by the Coalition. The Coalition relies on this information provided by OEL, to reconcile the General Ledger records to OEL's EFS Mod, as well as allocation of expenses to Federal and State programs. The revised confirmation was received in late February and the Coalition was able to complete the final reconciliation of the General Ledger.

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Crystal River, Florida

**Corrected and Uncorrected Misstatements**

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

**Disagreements with Management**

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

**Management Representations**

We have requested certain representations from management that are included in the management representation letter dated March 26, 2021.

**Management Consultations with Other Independent Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Coalition's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

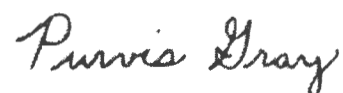
**Other Audit Findings or Issues**

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Coalition's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

**Other Matters**

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board of Directors and management of the Coalition and is not intended to be, and should not be, used by anyone other than these specified parties.



March 26, 2021  
Ocala, Florida