

**HILLSBOROUGH COUNTY SCHOOL
READINESS COALITION, INC.**
(d/b/a Early Learning Coalition of
Hillsborough County, Inc.)

FINANCIAL STATEMENTS

Years Ended June 30, 2020 and 2019

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Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
The Hillsborough County School Readiness Coalition, Inc.
d/b/a Early Learning Coalition of Hillsborough County, Inc.
Tampa, Florida

We have audited the accompanying statements of financial position of The Hillsborough County School Readiness Coalition, Inc. d/b/a Early Learning Coalition of Hillsborough County (the "Coalition") as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

To the Board of Directors of
The Hillsborough County School Readiness Coalition, Inc.
d/b/a Early Learning Coalition of Hillsborough County, Inc.

Opinion

In our opinion, the financial statements referred to in the first paragraph of this report present fairly, in all material respects, the financial position of the Coalition as of June 30, 2020 and 2019, and the results of its activities and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Our audits were 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 is presented for purposes of additional analysis, as required by Title 2 *U.S. Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”), and Chapter 10.650, *Rules of the Auditor General*, 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 taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2021, on our consideration of the Coalition’s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance, and the results of that testing, and not to provide an opinion on the 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.

MSL, P.A.

Certified Public Accountants

Tampa, Florida
March 31, 2021

HILLSBOROUGH COUNTY SCHOOL READINESS COALITION, INC.
d/b/a Early Learning Coalition of Hillsborough County, Inc.

STATEMENTS OF FINANCIAL POSITION

June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 5,382,503	\$ 449,417
Grants receivable	12,430,135	8,219,892
Other assets	<u>63,344</u>	<u>166,307</u>
	\$ 17,875,982	\$ 8,835,616
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts and provider payables and accrued expenses	\$ 13,528,605	\$ 6,844,451
Due to School District of Hillsborough County	<u>49,018</u>	<u>488,897</u>
	13,577,623	7,333,348
NET ASSETS	<u>4,298,359</u>	<u>1,502,268</u>
	\$ 17,875,982	\$ 8,835,616

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

HILLSBOROUGH COUNTY SCHOOL READINESS COALITION, INC.
d/b/a Early Learning Coalition of Hillsborough County, Inc.

STATEMENTS OF ACTIVITIES

Years Ended June 30, 2020 and 2019

	2020	2019
REVENUES AND SUPPORT		
Program support:		
Federal and state grant revenue - general	\$ 90,825,426	\$ 80,259,072
Federal and state grant revenue - CARES	4,585,217	-
Local gifts and grant revenue and other	3,548,727	3,330,994
TOTAL REVENUES AND SUPPORT	98,959,370	83,590,066
EXPENSES		
Program services:		
School Readiness	63,867,475	51,101,274
Voluntary Pre-K	28,703,374	28,849,419
Other programs	509,624	452,378
TOTAL PROGRAM SERVICES	93,080,473	80,403,071
Supporting services:		
Management and general	3,082,806	3,628,408
TOTAL EXPENSES	96,163,279	84,031,479
CHANGE IN NET ASSETS	2,796,091	(441,413)
NET ASSETS WITHOUT DONOR RESTRICTIONS, BEGINNING OF YEAR	1,502,268	1,943,681
NET ASSETS WITHOUT DONOR RESTRICTIONS, END OF YEAR	\$ 4,298,359	\$ 1,502,268

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

HILLSBOROUGH COUNTY SCHOOL READINESS COALITION, INC.
d/b/a Early Learning Coalition of Hillsborough County, Inc.

STATEMENTS OF FUNCTIONAL EXPENSES

Year Ended June 30, 2020

	Program Services			Total	Support Services	2020
	School Readiness	Voluntary Pre-K	Other Programs		Management and General	
Salaries	\$ 3,474,426	\$ 213,666	\$ 242,655	\$ 3,930,747	\$ 1,702,263	\$ 5,633,010
Fringe benefits	1,009,801	55,674	31,334	1,096,809	356,887	1,453,696
TOTAL SALARIES AND RELATED EXPENSES	4,484,227	269,340	273,989	5,027,556	2,059,150	7,086,706
Payments to providers	57,362,412	28,415,235	-	85,777,647	-	85,777,647
Contractual services	140,812	659	85,407	226,878	274,582	501,460
Payments to subrecipients	1,529,870	-	-	1,529,870	7,060	1,536,930
Office supplies and equipment	225,351	8,309	112,070	345,730	151,382	497,112
Rent and utilities	32,095	6,776	20,012	58,883	312,930	371,813
Staff training and development	56,185	-	5,563	61,748	53,815	115,563
Accounting and auditing	-	-	-	-	83,561	83,561
Insurance	-	-	466	466	57,321	57,787
Travel	31,009	1,422	5,060	37,491	4,703	42,194
Dues and memberships	5,000	-	-	5,000	23,019	28,019
Printing and copying	265	1,239	-	1,504	23,434	24,938
Telephone and communication	50	-	1,410	1,460	20,911	22,371
Bank charges	-	-	35	35	5,540	5,575
Other	-	-	5,012	5,012	377	5,389
Maintenance contracts	-	-	-	-	5,021	5,021
Postage and shipping	199	394	600	1,193	-	1,193
TOTAL EXPENSES	\$ 63,867,475	\$ 28,703,374	\$ 509,624	\$ 93,080,473	\$ 3,082,806	\$ 96,163,279

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

HILLSBOROUGH COUNTY SCHOOL READINESS COALITION, INC.
d/b/a Early Learning Coalition of Hillsborough County, Inc.

STATEMENTS OF FUNCTIONAL EXPENSES (Continued)

Year Ended June 30, 2019

	Program Services			Total	Support Services	2019
	School Readiness	Voluntary Pre-K	Other Programs		Management and General	
Salaries	\$ 2,092,029	\$ 182,906	\$ 152,420	\$ 2,427,355	\$ 1,494,572	\$ 3,921,927
Fringe benefits	491,348	52,846	13,726	557,920	338,794	896,714
TOTAL SALARIES AND RELATED EXPENSES	2,583,377	235,752	166,146	2,985,275	1,833,366	4,818,641
Payments to providers	43,399,674	28,610,049	-	72,009,723	-	72,009,723
Payments to subrecipients	4,219,314	-	-	4,219,314	434,792	4,654,106
Contractual services	476,239	-	173,611	649,850	177,621	827,471
Office supplies and equipment	15,295	-	62,592	77,887	602,244	680,131
Rent and utilities	16,922	-	1,029	17,951	355,662	373,613
Bank charges	364,960	-	694	365,654	1,548	367,202
Insurance	-	-	-	-	49,710	49,710
Travel	18,033	-	6,264	24,297	18,016	42,313
Other	-	-	26,376	26,376	15,489	41,865
Staff training and development	5,000	-	9,746	14,746	26,273	41,019
Accounting and auditing	-	1,603	50	1,653	36,523	38,176
Telephone and communication	741	-	1,421	2,162	21,780	23,942
Dues and memberships	-	-	4,201	4,201	16,750	20,951
Printing and copying	640	2,015	55	2,710	17,890	20,600
Maintenance contracts	-	-	-	-	17,654	17,654
Postage and shipping	1,079	-	193	1,272	3,090	4,362
TOTAL EXPENSES	\$ 51,101,274	\$ 28,849,419	\$ 452,378	\$ 80,403,071	\$ 3,628,408	\$ 84,031,479

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

HILLSBOROUGH COUNTY SCHOOL READINESS COALITION, INC.

d/b/a Early Learning Coalition of Hillsborough County, Inc.

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
OPERATING ACTIVITIES		
Cash received from:		
Grant income	\$ 91,200,400	\$ 82,403,997
Other income	<u>3,548,727</u>	<u>394,668</u>
	TOTAL CASH RECEIVED	82,798,665
	94,749,127	
Cash paid for:		
Program services	86,836,198	82,579,480
Administrative expenses	<u>2,979,843</u>	<u>3,794,415</u>
	TOTAL CASH PAID	86,373,895
	89,816,041	
	NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(3,575,230)
	4,933,086	
	NET INCREASE (DECREASE) IN CASH	(3,575,230)
	4,933,086	
CASH - BEGINNING OF YEAR	<u>449,417</u>	<u>4,024,647</u>
CASH - END OF YEAR	<u>\$ 5,382,503</u>	<u>\$ 449,417</u>

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

HILLSBOROUGH COUNTY SCHOOL READINESS COALITION, INC.
d/b/a Early Learning Coalition of Hillsborough County, Inc.

STATEMENTS OF CASH FLOWS (Continued)

Years Ended June 30, 2020 and 2019

	2020	2019
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Change in net assets	\$ 2,796,091	\$ (441,413)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Increase in grants receivable	(4,210,243)	(791,401)
Decrease (increase) in other assets	102,963	(166,007)
Increase (decrease) in accounts payable and accrued expenses	6,684,154	5,278,155
Decrease (increase) in due to School District of Hillsborough County	(439,879)	(7,454,564)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ 4,933,086	\$ (3,575,230)

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

HILLSBOROUGH COUNTY SCHOOL READINESS COALITION, INC.
d/b/a Early Learning Coalition of Hillsborough County, Inc.

NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2020 and 2019

NOTE 1 - NATURE OF ORGANIZATION

Hillsborough County School Readiness Coalition, Inc. d/b/a Early Learning Coalition of Hillsborough County, Inc. (the "Coalition") is a not-for-profit corporation organized under the laws of the State of Florida. The Coalition's role is to develop and administer a comprehensive school readiness program and Voluntary Pre-Kindergarten ("VPK") delivery system that prepares children to succeed in school and in life. This is an ongoing process that involves building on existing services, working in cooperation with other programs for young children, and coordinating and integrating program funding to achieve efficiency and effectiveness. The Coalition provides these services primarily through recurring funding through Florida's Office of Early Learning ("OEL").

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES

Basis of Accounting

These financial statements, which are presented on the accrual basis of accounting, have been prepared to focus on the Coalition as a whole and to present revenue, expenses, and net assets based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Net Assets Without Donor Restrictions – Net assets not subject to donor-imposed restrictions.

Net Assets with Donor Restrictions – Net assets which are subject to donor-imposed stipulations that may or will be met by actions of the Coalition and/or the passage of time. At June 30, 2020 and 2019, there were no net assets with donor restrictions.

Revenue is reported as increases in net assets without donor restrictions, unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Federal, state, and local grants are considered exchange transactions and are recorded as unrestricted revenue when earned.

Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenue of net assets without donor restrictions. Contributions are recognized when the donor makes a promise to give to the Coalition, that is, in substance, unconditional.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES
(Continued)

Grants Receivable

Grants receivable primarily represent amounts for services provided and reimbursable expenses requested from the OEL as of June 30, 2020 and 2019. Management believes that the entire balance of these receivables is collectible, based on amounts subsequently collected and prior collection history. Accordingly, no allowance for potentially uncollectible contracts, grants, or unbilled receivables is provided.

Property and Equipment

The Coalition capitalizes all assets acquired in excess of \$5,000 for property and equipment. Property and equipment are carried at cost for purchased assets and at fair value at date of donation for donated assets. The Coalition has no items recorded that met the capitalization requirement at June 30, 2020 and 2019.

Revenue Recognition

The Coalition receives substantially all of its grant revenue from federal and state agencies. Grant revenue is recognized up to the maximum amount provided in the Coalition's contracts, to the extent services were provided or expenses were incurred. Grant revenues are subject to audit by grantor agencies. Audits of these grants may result in disallowed costs, which may result in a liability to the Coalition. In the opinion of management, disallowed costs, if any, would not be material to the financial statements.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statements of functional expenses. Accordingly, certain costs are directly attributed to the specific program or supporting service, and other costs have been allocated. Salaries are allocated based on actual time spent and other expenses are allocated based on direct usage or management's estimates of the benefit derived by each activity.

Use of Estimates

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

Income Taxes

The Coalition is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from state income taxes under similar provisions of the Florida Income Tax Code. Accordingly, no provision for income taxes has been included in the accompanying financial statements. The Coalition is subject to the accounting standards on accounting for uncertainty in income taxes. Management does not believe it has taken any tax positions that are subject to a significant degree of uncertainty.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES
(Continued)

New Accounting Standard Adoption and Basis of Presentation

In 2020, the Coalition elected to adopt Accounting Standards Update ("ASU") 2020-05, *Revenue from Contracts with Customers* (Topic 606) and *Leases* (Topic 842), which extends the effect date of implementation for each of these standards for one year. The provisions of Topic 606 requires revenue to be recognized for the amount expected to be collected for the transfer of goods or services to customers. The provisions of Topic 842 requires organizations to recognize most leases on the balance sheets as lease liabilities with a right-to-use asset. Management expects to adopt Topic 606 for the year ending June 30, 2021 and Topic 842 for the year ending June 30, 2023.

NOTE 3 - LIQUIDITY ANALYSIS

The table below represents financial assets available to meet cash needs for general expenditures within one year at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Cash	\$ 5,382,503	\$ 449,417
Grants receivable	<u>12,430,135</u>	<u>8,219,892</u>
	<u>\$ 17,812,638</u>	<u>\$ 8,669,309</u>

As part of a cash and liquidity management policy, the Coalition structures its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

NOTE 4 - RELATED PARTIES

Certain members of the Board of Directors are mandated in the State of Florida School Readiness Act. These members include three personnel from the School District of Hillsborough County ("SDHC"), the Executive Director of the Children's Board of Hillsborough County ("CBHC"), the Hillsborough County Board of County Commissioners ("BOCC") county commissioner, and the general manager of the BOCC Child Care Licensing program.

Approximately \$1,035,000 and \$1,016,000 was paid by the Coalition for services provided by the SDHC and the BOCC for the years ended June 30, 2020 and 2019, respectively. The SDHC program assists eligible children and families with access to scholarships and school readiness services. The operation of this program was transitioned from the SDHC to the ELC during the year ended June 30, 2019. Payments to the BOCC are for compliance with Hillsborough County's local childcare licensing ordinance. In addition, the Coalition received matching funds from the BOCC, which are designated to be used only for the school readiness and VPK programs, of approximately \$483,000 and \$444,000 for the years ended June 30, 2020 and 2019, respectively.

The Coalition received funding from the CBHC for the local match in the school readiness program of approximately \$2,074,000 and \$2,041,000 for the years ended June 30, 2020 and 2019, respectively.

NOTE 5 - DEFERRED COMPENSATION PLAN

The Coalition sponsors a 401(k) Deferred Compensation Plan (the “Plan”) and makes both Employer Safe Harbor and Employer Profit Sharing Contributions to the Plan.

The Employer Safe Harbor portion of the Plan provides that the employer matches 100% on the first 4% contributed by the employee. Vesting is simultaneous with the contribution. Employees are allowed to contribute on a pre-tax basis, not to exceed amounts dictated by U.S. Treasury regulations.

The Employer Profit Sharing portion of the Plan provides that the Coalition contribute 6% of an employee’s salary for the fiscal year ended June 30, 2020. Vesting is 100% after six years of employment with the Coalition, with a 20% increase in vesting for each year of employment.

NOTE 6 - CONCENTRATIONS AND GOVERNMENT SUPPORT

The Coalition receives a substantial amount of support from federal, state, and local government agencies. Governmental funding for programs is subject to statutory and regulatory changes, administrative rulings, interpretations of policy, intermediary determinations, and governmental funding restrictions. A reduction in the level of future support from the federal, state or local governmental agencies could have a substantial effect on the Coalition’s programs and activities.

The Coalition receives all its federal and state program grant revenues through the OEL. In July 2018, the OEL deployed an updated version of the Single Statewide Information System that had critical flaws and data errors and as a result the OEL instructed early learning coalitions to pay providers based on estimated attendance and to perform a reconciliation and true-up once the system errors were corrected. Due to continued system issues, the Coalition was forced to do a significant manual reconciliation to estimate settlement based upon actual payment amounts with school readiness and VPK providers and reimbursement from the OEL. As of June 30, 2020, the reconciliation process was completed and the system issues were resolved.

NOTE 7 - OPERATING LEASE

The Coalition leases its office space under an operating lease. Total rent expense was approximately \$181,000 and \$322,000 for the years ended June 30, 2020 and 2019, respectively. In August 2019, the Coalition signed a new lease agreement for office space that expires in July 2026 with the ability to extend the lease for one additional term of five years. The new lease provides for a rent abatement of the first six months of the lease which was approximately \$181,000.

NOTE 7 - OPERATING LEASE (Continued)

Approximate future minimum lease payments under the operating lease as of June 30, 2020, are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2021	\$ 332,000
2022	372,000
2023	382,000
2024	394,000
2025	406,000
Thereafter	<u>704,000</u>
	<u>\$ 2,590,000</u>

The Coalition has the option to cancel its office space lease if the Coalition receives more than a 50% decrease in funding from the OEL in any fiscal year.

NOTE 8 - COMMITMENTS AND CONTINGENCIES

Compliance

The Coalition may be subject to audit examination by funding sources to determine compliance with grant conditions. In the event that expenditures would be disallowed, repayment could be required. Management believes the Coalition is in compliance with the terms of its grant agreements.

COVID-19

On March 11, 2020, the World Health Organization declared a new coronavirus disease (“COVID-19”) a pandemic. COVID-19 has had a severe impact on the economy in general. The extent of COVID-19’s effect on the Coalition’s operational and financial performance will depend on future developments, including the duration, spread and intensity of the pandemic, all of which are uncertain and difficult to predict considering the rapidly evolving landscape. As a result, it is not currently possible to ascertain the potential impact of COVID-19 on the Coalition. However, if the pandemic continues to evolve into a severe worldwide health crisis, the disease could have a material adverse effect on the Coalition’s business, results of operations, financial condition and cash flows. These financial statements do not include any adjustments related to the ultimate outcome of these uncertainties.

NOTE 9 - SUBSEQUENT EVENT

The Coalition has evaluated events and transactions for potential recognition or disclosure in the financial statements through March 31, 2021, which is the date the financial statements were available to be issued.

**HILLSBOROUGH COUNTY SCHOOL READINESS COALITION, INC.
d/b/a Early Learning Coalition of Hillsborough County, Inc.**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE**

Year Ended June 30, 2020

<u>Federal Agency/State Agency/Pass-Through Grantor/ Program Title</u>	<u>Grant Period</u>	<u>Federal CFDA #</u>	<u>Contract #</u>	<u>Federal Expenditures</u>	<u>Transferred to Subrecipient</u>
FEDERAL AWARDS					
U.S. Department of Health and Human Services:					
Child Care Development Fund (CCDF) Cluster:					
<i>Passed through State of Florida Office of Early Learning</i>					
Child Care Development Block Grant	7/1/19-6/30/20	93.575	EL250	\$ 30,588,836	\$ 494,400
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	7/1/19-6/30/20	93.596	EL250	11,341,252	-
Preschool Development Grant 2019-20	7/1/19-6/30/20	93.434	EL250	268,012	-
Total Child Care Development Fund (CCDF) Cluster				<u>42,198,100</u>	<u>494,400</u>
<i>Passed through State of Florida Office of Early Learning</i>					
Social Services Block Grant	7/1/19-6/30/20	93.667	EL250	46,704	-
Temporary Assistance for Needy Families	7/1/19-6/30/20	93.558	EL250	15,777,071	-
Total Expenditures of Federal Awards				<u>58,021,875</u>	<u>494,400</u>
	<u>Grant Period</u>	<u>State CSFA #</u>	<u>Contract #</u>	<u>State Expenditures</u>	<u>Transferred to Subrecipient</u>
STATE FINANCIAL ASSISTANCE					
State of Florida Office of Early Learning					
Voluntary Pre-K	7/1/19-6/30/20	48.108	EL250	32,046,351	7,060
Unrestricted General	7/1/19-6/30/20	48.108	OA250	54,293	-
Total Expenditures of State Financial Assistance				<u>32,100,644</u>	<u>7,060</u>
<u>Grantor/Pass-Through Grantor Program Title</u>	<u>Grant Period</u>	<u>State CSFA #</u>	<u>Contract #</u>	<u>Local Expenditures</u>	<u>Transferred to Subrecipient</u>
STATE MATCHING AND LOCAL FUNDS					
Florida Office of Early Learning					
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	7/1/19-6/30/20	93.596	EL250	1,656,727	-
Temporary Assistance for Needy Families	7/1/19-6/30/20	93.558	EL250	6,543,958	-
Total State Matching and Local Funds				<u>8,200,685</u>	<u>-</u>
Total Federal Awards, State Financial Assistance, and Local Funds				<u>\$ 98,323,204</u>	<u>\$ 501,460</u>

HILLSBOROUGH COUNTY SCHOOL READINESS COALITION, INC.
d/b/a Early Learning Coalition of Hillsborough County, Inc.

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE**

Year Ended June 30, 2020

(1) General:

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance include the grant activity of the Coalition and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”), Chapter 10.650, *Rules of the State Auditor General*, and the Rules of the Executive Office of the Governor of the State of Florida. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements.

Indirect cost rate is dictated by federal and state contract terms. The 10-percent de minimis indirect cost rate, as allowed under the Uniform Guidance, is not in effect nor is it available under these contracts.

(2) Other State Financial Assistance Received:

The Coalition received funding from the OEL that was not subject to Section 215.97, Florida Statutes, as follows:

<u>Florida’s Office of Early Learning</u>	<u>Contract Number</u>	<u>Current Year Expenditure</u>
A. Matching Funds for Federal Programs:		
State Matching Funds - 93.596 School Readiness CCDF Mandatory and Matching	EL259	\$ 1,656,727
State Matching Funds - 93.558 Temporary Assistance for Needy Families	EL259	<u>6,543,958</u>
Total State Funds awarding for Matching		<u>\$ 8,200,685</u>

(3) Reconciliation to Statewide School Readiness Data and Reporting System:

The Coalition performs reconciliations of its financial reports to the Statewide School Readiness Data and Reporting System in a timely and satisfactory manner.



Certified Public Accountants

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

To the Board of Directors of
The Hillsborough County School Readiness Coalition, Inc.
d/b/a Early Learning Coalition of Hillsborough County, Inc.
Tampa, Florida

We have audited the accompanying financial statements of The Hillsborough County School Readiness Coalition, Inc. d/b/a Early Learning Coalition of Hillsborough County (the "Coalition"), as of and for the year ended June 30, 2020, and have issued our report thereon dated March 31, 2021. 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.

Internal Control over Financial Reporting

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

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

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

To the Board of Directors of
The Hillsborough County School Readiness Coalition, Inc.
d/b/a Early Learning Coalition of Hillsborough County, Inc.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Coalition's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of the tests disclosed no instances of noncompliance or other matters that are required to be reported under *Governmental 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

MSL, P.A.

Certified Public Accountants

Tampa, Florida
March 31, 2021



Certified Public Accountants

INDEPENDENT AUDITOR'S MANAGEMENT LETTER

To the Board of Directors of
The Hillsborough County School Readiness Coalition, Inc.
d/b/a Early Learning Coalition of Hillsborough County, Inc.
Tampa, Florida

Report on the Financial Statements

We have audited the financial statements of The Hillsborough County School Readiness Coalition, Inc. d/b/a Early Learning Coalition of Hillsborough County (the "Coalition") as of and for the year ended June 30, 2020, and have issued our report thereon dated March 31, 2021.

Auditor's Responsibility

We conducted our audit 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; Title 2 *U.S. Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"); and Chapter 10.650, *Rules of the Auditor General*.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditor's Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance in Accordance with the Uniform Guidance and Chapter 10.650, *Rules of the Auditor General*, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated March 31, 2021, should be considered in conjunction with this management letter.

Additional Matters

Section 10.654(1)(e), *Rules of the Auditor General*, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements or state project amounts that is less than material but which warrants the attention of those charged with governance. The results of the tests disclosed no instances of noncompliance or other matters that are required to be reported under *Governmental Auditing Standards*.

To the Board of Directors of
The Hillsborough County School Readiness Coalition, Inc.
d/b/a Early Learning Coalition of Hillsborough County, Inc.

Purpose of the Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, federal and other granting agencies, the Board of Directors, and applicable management and is not intended to be, and should not be, used by anyone other than these specified parties.

MSL, P.A.

Certified Public Accountants

Tampa, Florida
March 31, 2021



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

To the Board of Directors of
The Hillsborough County School Readiness Coalition, Inc.
d/b/a Early Learning Coalition of Hillsborough County, Inc.
Tampa, Florida

Report on Compliance for Each Major Federal Program and State Project

We have audited the compliance of The Hillsborough County School Readiness Coalition, Inc. d/b/a Early Learning Coalition of Hillsborough County (the "Coalition") with the types of compliance requirements described in the U.S. Office of Management and Budget ("OMB") Compliance Supplement, and the requirements described in the Department of Financial Services' State Projects Compliance Supplement, that could have a direct and material effect on each of its major federal programs and state project for the year ended June 30, 2020. The Coalition's major federal programs and state project are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Coalition's major federal programs and state project 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; the audit requirements of Title 2 U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"); and Chapter 10.650, *Rules of the Auditor General*. Those standards, 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 noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about the Coalition's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion. However, our audit does not provide a legal determination on the Coalition's compliance with those requirements.

To the Board of Directors of
The Hillsborough County School Readiness Coalition, Inc.
d/b/a Early Learning Coalition of Hillsborough County, Inc.

Opinion on Child Care Development Fund Cluster and Voluntary Pre-Kindergarten Education Program

In our opinion, the Coalition complied, in all material respects, with the types of compliance requirements referred to in the first paragraph that could have a direct and material effect on CFDA 93.575, CFDA 93.596, and CFDA 93.434 Child Care Development Fund Cluster and CSFA 48.108 Voluntary Pre-Kindergarten Education Program for the year ended June 30, 2020.

Report on Internal Control over Compliance

The management of the Coalition is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs and the state project. In planning and performing our audit, we considered the Coalition's internal control over compliance with the requirements that could have a direct and material effect on a major federal program or state project to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with Uniform Guidance and Chapter 10.650, *Rules of the Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Coalition's internal control over compliance.

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 the 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 that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

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 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.

MSL, P.A.

Certified Public Accountants

Tampa, Florida
March 31, 2021

HILLSBOROUGH COUNTY SCHOOL READINESS COALITION, INC.
d/b/a Early Learning Coalition of Hillsborough County, Inc.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2020

Section I - Summary of Independent Auditor's Results

Financial Statements

Type of Auditor's Report Issued:

Unmodified Opinion

Internal control over financial reporting:

- Material weakness(es) identified? ___ Yes X No
- Significant deficiency(ies) identified? ___ Yes X None reported
- Noncompliance material to financial statements noted? ___ Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ___ Yes X No
- Significant deficiency(ies) identified? ___ Yes X None reported

Type of report issued on compliance for major federal program:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 200.516 of the Uniform Guidance?

___ Yes X No

Identification of Major Federal Programs:

CFDA Numbers

Name of Federal Program or Cluster

93.575, 93.596, 93.434

Child Care Development Fund Cluster

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

\$1,740,656

Auditee qualified as low-risk auditee?

 X Yes ___ No

HILLSBOROUGH COUNTY SCHOOL READINESS COALITION, INC.
d/b/a Early Learning Coalition of Hillsborough County, Inc.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

Year Ended June 30, 2020

Section I - Summary of Independent Auditor's Results (Continued)

State Financial Assistance

Internal control over major project:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Type of report issued on compliance for major state project: **Unmodified**

Any audit findings disclosed that are required to be reported in accordance with *Rules of the Auditor General*, Chapter 10.656? Yes No

Identification of Major State Project:

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

Dollar threshold used to distinguish between Type A and Type B projects: \$963,019

Florida Office of Early Learning's grant terms require auditors to test and report on whether the Coalition's monthly reconciliation of its financial records to the statewide School Readiness Data and Reporting System was completed in an accurate and timely manner. Based on our testing, we confirm that the Coalition completed the required monthly reconciliations in a timely and satisfactory manner.

Section II - Findings Related to the Financial Statement Audit, as Required to be Reported in accordance with *Government Auditing Standards*

None reported.

Section III - Findings and Questioned Costs for Federal Awards and State Financial Assistance Reported in accordance with the Uniform Guidance and *Rules of the Auditor General*, Chapter 10.650

None reported.

HILLSBOROUGH COUNTY SCHOOL READINESS COALITION, INC.
d/b/a Early Learning Coalition of Hillsborough County, Inc.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

Year Ended June 30, 2020

Section IV - Prior Year Audit Findings

Finding No. 2019-001 – Inability to Perform Monthly Reconciliations to the Statewide Reporting System

Federal Programs: CFDA 93.575/93.596

Finding Type: Compliance and Significant Deficiency

In July 2018, the OEL deployed an updated version of the SSIS that had critical flaws and data errors and was not fully functional. The Coalition was unable to reconcile its school readiness monthly financial records for provider payments to the SSIS on a monthly basis. As a result, monthly reconciliations were not performed. As of June 30, 2020, the issue has been resolved and reconciliations are being performed monthly.

Findings and Questioned Costs – Major State Projects

Finding No. 2019-002 – Inability to Perform Monthly Reconciliations to the Statewide Reporting System

State Projects: CSFA: 48.108

Finding Type: Compliance and Significant Deficiency

In July 2018, the OEL deployed an updated version of the SSIS that had critical flaws and data errors and was not fully functional. The Coalition was unable to reconcile its school readiness monthly financial records for provider payments to the SSIS on a monthly basis. As a result, monthly reconciliations were not performed. As of June 30, 2020, the issue has been resolved and reconciliations are being performed monthly.

**Data Collection Form for Reporting on
AUDITS OF STATES, LOCAL GOVERNMENTS, INDIAN TRIBES,
INSTITUTIONS OF HIGHER EDUCATION, AND NONPROFIT ORGANIZATIONS
for Fiscal Period Ending Dates in 2019, 2020, or 2021**

PART I: GENERAL INFORMATIONREPORT ID: **878630** VERSION: **1**

1. Fiscal Period	2. Type of Uniform Guidance Audit	3. Audit Period Covered
a. Start Date <input style="width: 100%;" type="text" value="7/1/2019"/> (MM/DD/YYYY)	<input checked="" type="checkbox"/> Single audit <input type="checkbox"/> Program-specific audit	<input checked="" type="checkbox"/> Annual <input type="checkbox"/> Biennial <input type="checkbox"/> Other: Number of Months <input style="width: 50px;" type="text"/>
b. End Date <input style="width: 100%;" type="text" value="6/30/2020"/> (MM/DD/YYYY)		

4. Auditee Identification Numbers	
a. Auditee Employer Identification Number (EIN) <input style="width: 100%;" type="text" value="59-3626765"/>	d. Auditee Data Universal Numbering System (DUNS) Number <input style="width: 100%;" type="text" value="17-070-5510"/>
b. Are multiple EINs covered in this report? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	e. Are multiple DUNS numbers covered in this report? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
c. If Part I, Item 4b is Yes, complete the attached Auditee EIN Continuation Sheet	f. If Part I, Item 4e is Yes, complete the attached Auditee DUNS Continuation Sheet

5. Auditee Information	6. Primary Auditor Information
a. Auditee Name <input style="width: 100%; height: 40px;" type="text" value="EARLY LEARNING COALITION OF HILLSBOROUGH COUNTY"/>	a. Audit Firm/Organization Name <input style="width: 100%;" type="text" value="MSL, PA"/>
b. Auditee Address Number and Street <input style="width: 100%;" type="text" value="6302 E DR MARTIN LUTHER KING JR BLVD STE 100"/> City State Zip Code <input style="width: 30%;" type="text" value="TAMPA"/> <input style="width: 10%; text-align: center;" type="text" value="FL"/> <input style="width: 30%;" type="text" value="33619"/>	b. Audit Firm/Organization EIN <input style="width: 100%;" type="text" value="59-3070669"/>
c. Auditee Contact Name <input style="width: 100%;" type="text" value="GARY MEYER"/> Title <input style="width: 100%;" type="text" value="CFO"/>	c. Audit Firm/Organization Address Number and Street <input style="width: 100%;" type="text" value="201 E KENNEDY BLVD SUITE 650"/> City State Zip Code <input style="width: 30%;" type="text" value="TAMPA"/> <input style="width: 10%; text-align: center;" type="text" value="FL"/> <input style="width: 30%;" type="text" value="33602"/>
d. Auditee Contact Telephone <input style="width: 100%;" type="text" value="(813)515-2340"/>	d. Auditor Contact Name <input style="width: 100%;" type="text" value="RUSSELL J GOOLSBY"/> Title <input style="width: 100%;" type="text" value="SHAREHOLDER"/>
e. Auditee Contact E-mail <input style="width: 100%;" type="text" value="GMEYER@ELCHC.ORG"/>	e. Auditor Contact Telephone <input style="width: 100%;" type="text" value="(813)314-2600"/>
	f. Auditor Contact E-mail <input style="width: 100%;" type="text" value="JGOOLSBY@MSLCPA.COM"/>
	g. Was a secondary auditor used? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
	h. If Part I, Item 6g is Yes, complete the attached Secondary Auditors' Contact Information Sheet

PART II: FEDERAL AWARDS

PART III: INFORMATION FROM THE SCHEDULE OF FINDINGS AND QUESTIONED COSTS

1. Federal Awards Expended During Fiscal Period

1. Major Program Information and Audit Findings

Row Number (auto-generated)	a	b	c	d	e	f	g	h	i		j		k	l		m	n		o	p		q
									Federal Awarding Agency Prefix ¹	CFDA #	Additional Award Identification ¹	Federal Program Name		Amount Expended (\$)	Cluster Name		Federal Program Total ⁴ (auto-generated) (\$)	Cluster Total ⁵ (auto-generated) (\$)		Loan/Loan Guarantee (Loan) Y/N	If Loan, the End of the Audit Period Outstanding Loan Balance ⁶ (\$)	
1	93	575	EL250	CHILD CARE AND DEVELOPMENT BLOCK GRANT	\$30,588,836	CCDF CLUSTER	\$30,588,836	\$42,198,100	N		N		STATE OF FLORIDA OFFICE OF EARLY LEARNING	EL250		Y	\$494,400		Y	U	0	
2	93	596	EL250	CHILD CARE MANDATORY AND MATCHING FUNDS OF THE CHILD CARE AND DEVELOPMENT FUND	\$11,341,252	CCDF CLUSTER	\$11,341,252	\$42,198,100	N		N		STATE OF FLORIDA OFFICE OF EARLY LEARNING	EL250		N		N		Y	U	0
3	93	434	EL250	EVERY STUDENT SUCCEEDS ACT/PRESCHOOL DEVELOPMENT GRANTS	\$268,012	CCDF CLUSTER	\$268,012	\$42,198,100	N		N		STATE OF FLORIDA OFFICE OF EARLY LEARNING	EL250		N		N		Y	U	0
4	93	667	EL250	SOCIAL SERVICES BLOCK GRANT	\$46,704	N/A	\$46,704		N		N		STATE OF FLORIDA OFFICE OF EARLY LEARNING	EL250		N		N		N		0
5	93	558	EL250	TEMPORARY ASSISTANCE FOR NEEDY FAMILIES	\$15,777,071	N/A	\$15,777,071		N		N		STATE OF FLORIDA OFFICE OF EARLY LEARNING	EL250		N		N		N		0
Total Federal Awards Expended =					\$58,021,875																	

1. See Appendix I of instructions for valid Federal awarding agency two-digit prefixes.
 2. Three-digit CFDA extensions listed in the Catalog of Federal Domestic Assistance (CFDA - beta.sam.gov). If the extension is unknown, see instructions.
 3. Used to collect other data or information to identify the award which is not a CFDA number (e.g., program year, contract number). This item is optional if Part II, Item 1(d) has a valid CFDA extension.
 4. The system will provide total Federal awards expended for each Federal program by summing the individual CFDA lines which have the same Cluster Name.
 5. The system will provide total Federal awards expended for each cluster of programs by summing the individual CFDA lines which have the same Cluster Name.
 6. Used to collect the loan or loan guarantee (loan) balances outstanding at the end of the audit period for loan programs as identified in Part II, Item 1(i) (2 CFR 200.510(b)(5)). Enter "N/A" for loans made to students of an institution of higher education (IHE) where the IHE does not make the loans (2 CFR 200.502(c)).
 7. If no identifying number was assigned, enter "N/A".
 8. If Major Program is marked "Y", enter only one letter (U = Unmodified opinion, Q = Qualified opinion, A = Adverse opinion, D = Disclaimer of opinion) corresponding to the type of audit report. If Major Program is marked "N", leave item blank.

APPROVED

PART II: FEDERAL AWARDS - Continued

2. Notes to the Schedule of Expenditures of Federal Awards (SEFA)

Note 1: Describe the significant accounting policies used in preparing the SEFA. (2 CFR 200.510(b)(6))

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance include the grant activity of the Coalition and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), Chapter 10.650, Rules of the State Auditor General, and the Rules of the Executive Office of the Governor of the State of Florida. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements. Indirect cost rate is dictated by federal and state contract terms. The 10-percent de minimis indirect cost rate, as allowed under the Uniform Guidance, is not in effect nor is it available under these contracts.

4,000 characters

Note 2: Did the auditee use the de minimis cost rate? (2 CFR 200.414(f))

<input type="checkbox"/>	Yes
<input checked="" type="checkbox"/>	No
<input type="checkbox"/>	Both

Please explain.

The auditee did not use the de minimis cost rate.

4,000 characters

Additional Notes

All additional notes included in the reporting package must be entered in this section and will be automatically numbered sequentially by the IDES system as they are entered.

Note 3: (2)Other State Financial Assistance Received:

75 characters

The Coalition received funding from the OEL that was not subject to Section 215.97, Florida Statutes, as follows: Current Contract Year Floridas Office of Early Learning Number Expenditure A. Matching Funds for Federal Programs: State Matching Funds - 93.596 School Readiness CCDF Mandatory and Matching EL259\$1,656,727 State Matching Funds - 93.558 Temporary Assistance for Needy Families EL2596,543,958 Total State Funds awarding for Matching \$8,200,685

4,000 characters

Note 4: (3)Reconciliation to Statewide School Readiness Data and Reporting System:

75 characters

The Coalition performs reconciliations of its financial reports to the Statewide School Readiness Data and Reporting System in a timely and satisfactory manner.

4,000 characters

PART III: INFORMATION FROM THE SCHEDULE OF FINDINGS AND QUESTIONED COSTS - Continued

2. Financial Statements

a. What were the results of the auditor's determination of whether the financial statements of the auditee were prepared in accordance with generally accepted accounting principles (GAAP)?

Select any combination of the following five options:

- Unmodified opinion
- Qualified opinion
- Adverse opinion
- Disclaimer of opinion
- Financial statements were not prepared in accordance with GAAP but were prepared in accordance with a special purpose framework

If the financial statements of the auditee were prepared in accordance with GAAP, proceed to question b.

i. What was the special purpose framework used? (Select only one)

- Cash basis
- Tax basis
- Regulatory basis
- Contractual basis
- Other basis

ii. Was the special purpose framework used as a basis of accounting required by state law? Yes No

iii. What was the auditor's opinion on the special purpose framework? (Select any combination)

- Unmodified opinion
- Qualified opinion
- Adverse opinion
- Disclaimer of opinion

b. Is a "going concern" emphasis-of-matter paragraph included in the auditor's report? Yes No

c. Is a significant deficiency in internal control disclosed? Yes No

d. Is a material weakness in internal control disclosed? Yes No

e. Is a material noncompliance disclosed? Yes No

3. Federal Programs

a. Does the auditor's report include a statement that the auditee's financial statements include departments, agencies, or other organizational units expending Federal awards which are not included in this audit? (AICPA Audit Guide) Yes No

b. What is the dollar threshold used to distinguish Type A and Type B programs? (2 CFR 200.518(b)(1))

c. Did the auditee qualify as a low-risk auditee? (2 CFR 200.520) Yes No

d. Indicate which Federal Agency(ies) have prior audit findings shown in the Summary Schedule of Prior Audit Findings related to direct funding. List the appropriate Federal agency prefix(es), or enter "None".

PART III: INFORMATION FROM THE SCHEDULE OF FINDINGS AND QUESTIONED COSTS - Continued

4. Federal Award Audit Findings

Row Number from Part II, Item 1	a CFDA Number ¹ XX-XXX	b Additional Award Identification	c Federal Program Name	d Amount Expended (\$)	e Audit Finding Reference Number YYYY-###	f Type(s) of Compliance Requirement(s) ²	g Schedule of Findings and Questioned Costs						m Repeat Audit Finding from Prior Year Y/N	n Repeat Audit Finding If Repeat Finding, provide Prior Year Audit Finding Reference Number(s) YYYY-###,YYYY-###,etc.
							h Compliance Audit Findings		i Type of Audit Finding ³		j Other Audit Findings	k Questioned Costs		
							g Modified Opinion Y/N	h Other Matters Y/N	i Internal Control Audit Findings Material Weakness Y/N	j Significant Deficiency Y/N				

1. A CFDA Number consists of the Federal agency two-digit prefix and CFDA three-digit extension (from Part II, Items 1(a) and 1(b)) separated by a period.
 2. Enter the letter for each type or compliance requirement that applies to the audit findings (i.e., noncompliance, significant deficiency, material weakness, questioned costs, fraud, and other items reported under 2 CFR 200.516(a)) reported for each Federal program. Only enter the two(s) of compliance requirement(s) the auditor was testing which generated the audit finding.

- A. Activities allowed or unallowed
- B. Allowable costs/cost principles
- C. Cash management
- D. Reserved
- E. Eligibility
- F. Equipment and real property management
- G. Matching, level of effort, earmarking
- H. Period of performance (or availability) of Federal funds
- I. Procurement and suspension and debarment
- J. Program income
- K. Reserved
- L. Reporting
- M. Subrecipient monitoring
- N. Special tests and provisions
- P. Other

3. There are 9 valid combinations of "Compliance Audit Findings", "Internal Control Audit Findings", and "Other Audit Findings" for each Federal program with audit findings. (See chart in instructions after Part III, Item 4(k))

ALL

PART III: INFORMATION FROM THE SCHEDULE OF FINDINGS AND QUESTIONED COSTS - Continued

5. Text of the Audit Findings

a. Audit Finding Reference Number

b. Audit Finding Text

ARCHIVED

FORM SF-SAC

PART IV: CORRECTIVE ACTION PLAN

1. Audit Finding Reference Number

2. Text of the Corrective Action Plan

Report ID: 878630 Version: 1

ARCHIVED

Part V: CERTIFICATIONS**1. Auditee Certification Statement**

I certify that, to the best of my knowledge and belief, the auditee has:

ensured that the Form SF-SAC data and reporting package do not include protected personally identifiable information (Protected PII)¹, or if they do, the Federal Audit Clearinghouse (FAC) is authorized to publicly post all information contained in the Form SF-SAC data and the reporting package;

ensured that the Form SF-SAC data and reporting package do not include business identifiable information (BII)², or if they do, the FAC is authorized to publicly post all information contained in the Form SF-SAC data and the reporting package;

complied with the requirements of 2 CFR Part 200 Subpart F specific to the auditee;

prepared the data in this Form SF-SAC in accordance with 2 CFR Part 200 Subpart F and the accompanying instructions to this Form SF-SAC;

included all information required to be reported in this Form SF-SAC in its entirety and such information is accurate and complete;

engaged an auditor to perform an audit in accordance with 2 CFR Part 200 Subpart F for the period described in Part I, Items 1 and 3;

ensured the auditor has completed such audit and issued the signed audit report required by 2 CFR 200.515 which states that the audit was conducted in accordance with the audit requirements of the Uniform Guidance; and

authorized the FAC to make the Form SF-SAC data and reporting package publicly available on a website.

Auditee Certification Date

3/31/2021

(MM/DD/YYYY)

Name of certifying official

GARY MEYER

Title of certifying official

CHIEF FINANCIAL OFFICER

2. Auditor Statement

I acknowledge that:

the data elements and information included in this Form SF-SAC are limited to those prescribed by the Office of Management and Budget;

the information in Part II of this Form SF-SAC is the responsibility of the auditee and is based on information included in the reporting package required by the Uniform Guidance;

the information included in Part III of this Form SF-SAC, except for Part III, Item 3(d), and Items 4(a)-(d) (when there are audit findings), was transferred by the auditor from the auditor's report(s) for the period described in Part I, Items 1 and 3, and is not a substitute for such reports;

the auditor has not performed any auditing procedures since the date of the auditor's report(s) or any additional auditing procedures in connection with the completion of this Form SF-SAC; and

a copy of the reporting package required by the Uniform Guidance, which includes the complete auditor's report(s), may be made available by the Federal Audit Clearinghouse (FAC) on the FAC website or from the auditee at the address listed in Part I of this Form SF-SAC.

Auditor Signature Date

3/31/2021

(MM/DD/YYYY)

1. 2 CFR 200.79 and 2 CFR 200.82.

2. BII consists of information defined in the Freedom of Information Act (FOIA) as "trade secrets and commercial or financial information obtained from a person (that is) privileged or confidential." (5 U.S.C.552(b)(4)). This information is exempt from automatic release under the (b)(4) FOIA exemption. "Commercial" is not confined to records that reveal "basic commercial operations" but includes any records or information in which the submitter has a commercial interest, and can include information submitted by a nonprofit entity.

Part 1: GENERAL INFORMATION - Continued**4.c. Auditee EIN Continuation Sheet**

1.	41.	81.	121.	161.
2.	42.	82.	122.	162.
3.	43.	83.	123.	163.
4.	44.	84.	124.	164.
5.	45.	85.	125.	165.
6.	46.	86.	126.	166.
7.	47.	87.	127.	167.
8.	48.	88.	128.	168.
9.	49.	89.	129.	169.
10.	50.	90.	130.	170.
11.	51.	91.	131.	171.
12.	52.	92.	132.	172.
13.	53.	93.	133.	173.
14.	54.	94.	134.	174.
15.	55.	95.	135.	175.
16.	56.	96.	136.	176.
17.	57.	97.	137.	177.
18.	58.	98.	138.	178.
19.	59.	99.	139.	179.
20.	60.	100.	140.	180.
21.	61.	101.	141.	181.
22.	62.	102.	142.	182.
23.	63.	103.	143.	183.
24.	64.	104.	144.	184.
25.	65.	105.	145.	185.
26.	66.	106.	146.	186.
27.	67.	107.	147.	187.
28.	68.	108.	148.	188.
29.	69.	109.	149.	189.
30.	70.	110.	150.	190.
31.	71.	111.	151.	191.
32.	72.	112.	152.	192.
33.	73.	113.	153.	193.
34.	74.	114.	154.	194.
35.	75.	115.	155.	195.
36.	76.	116.	156.	196.
37.	77.	117.	157.	197.
38.	78.	118.	158.	198.
39.	79.	119.	159.	199.
40.	80.	120.	160.	200.

Part 1: GENERAL INFORMATION - Continued

4.f. Auditee DUNS Continuation Sheet

1.		41.		81.		121.		161.	
2.		42.		82.		122.		162.	
3.		43.		83.		123.		163.	
4.		44.		84.		124.		164.	
5.		45.		85.		125.		165.	
6.		46.		86.		126.		166.	
7.		47.		87.		127.		167.	
8.		48.		88.		128.		168.	
9.		49.		89.		129.		169.	
10.		50.		90.		130.		170.	
11.		51.		91.		131.		171.	
12.		52.		92.		132.		172.	
13.		53.		93.		133.		173.	
14.		54.		94.		134.		174.	
15.		55.		95.		135.		175.	
16.		56.		96.		136.		176.	
17.		57.		97.		137.		177.	
18.		58.		98.		138.		178.	
19.		59.		99.		139.		179.	
20.		60.		100.		140.		180.	
21.		61.		101.		141.		181.	
22.		62.		102.		142.		182.	
23.		63.		103.		143.		183.	
24.		64.		104.		144.		184.	
25.		65.		105.		145.		185.	
26.		66.		106.		146.		186.	
27.		67.		107.		147.		187.	
28.		68.		108.		148.		188.	
29.		69.		109.		149.		189.	
30.		70.		110.		150.		190.	
31.		71.		111.		151.		191.	
32.		72.		112.		152.		192.	
33.		73.		113.		153.		193.	
34.		74.		114.		154.		194.	
35.		75.		115.		155.		195.	
36.		76.		116.		156.		196.	
37.		77.		117.		157.		197.	
38.		78.		118.		158.		198.	
39.		79.		119.		159.		199.	
40.		80.		120.		160.		200.	

Part 1: GENERAL INFORMATION - Continued

6.h. Secondary Auditors' Contact Information Sheet

i Audit Firm/ Organization Name	ii Audit Firm/ Organization EIN	iii Audit Firm/ Organization Address (Number and Street)	iv Audit Firm/ Organization City	v Audit Firm/ Organization State	vi Audit Firm/ Organization Zip Code	vii Contact Name	viii Contact Title	ix Contact Phone Number	x Contact E-mail

APPROVED



EARLY LEARNING

COALITION OF HILLSBOROUGH COUNTY

6302 E. MARTIN LUTHER KING, JR. BLVD.
SUITE 100, TAMPA, FL 33619

PHONE: 813-515-2340
WEB: www.elchc.org

Management Representation Letter

March 30, 2021

MSL, P.A.
201 East Kennedy Blvd, Suite 650
Tampa, FL 66302

This representation letter is provided in connection with your audit of the financial statements of Hillsborough County School Readiness Coalition, Inc. d/b/a Early Learning Coalition of Hillsborough County, Inc. (the "Coalition") which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of the date of this letter, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated March 24, 2021, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP.
- 3) We acknowledge our responsibility for 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.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6) Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 8) Material concentrations have been appropriately disclosed in accordance with U.S. GAAP.



- 9) Guarantees, whether written or oral, under which the Coalition is contingently liable, have been properly recorded or disclosed in accordance with U.S. GAAP.
- 10) The Coalition has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or net asset balances.

Information Provided

- 11) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the Coalition from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of the governing board or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 12) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 13) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 14) We have no knowledge of any fraud or suspected fraud that affects the Coalition and involves:
 - a) Management,
 - b) Employees who have significant roles in internal control, or
 - c) Others where the fraud could have a material effect on the financial statements.
- 15) We have no knowledge of any allegations of fraud or suspected fraud affecting the Coalition's financial statements communicated by employees, former employees, grantors, regulators, or others.
- 16) We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
- 17) We have disclosed to you all known actual or possible litigation, claims, and assessment whose effects should be considered when preparing the financial statements.
- 18) We have disclosed to you the identity of the Coalition's related parties and all the related party relationships and transactions of which we are aware.
- 19) As part of your audit, you assisted with preparation of the financial statements and related notes and schedule of expenditures of federal awards. We acknowledge our responsibility as it relates to those nonattest/nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes and schedule of expenditures of federal awards.
- 20) The Coalition has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 21) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us.
- 22) We have complied with all restrictions on resources (including donor restrictions) and all aspects of contractual and grant agreements that would have a material effect on the financial statements in the event of noncompliance. This includes complying with donor requirements to maintain a specific asset composition necessary to satisfy their restrictions.

23) There are no—

- a) Violations or possible violations of laws and regulations and provisions of contracts and grant agreements whose effects should be considered for disclosure in the financial statements, as a basis for recording a loss contingency, or for reporting on noncompliance.
- b) Unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with *FASB Accounting Standards Codification 450, Contingencies*.
- c) Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by *FASB Accounting Standards Codification 450, Contingencies*.
- d) Designations of net assets disclosed to you that were not properly authorized and approved, or reclassifications of net assets that have not been properly reflected in the financial statements.

24) The Coalition is an exempt organization under Section 501(c)(3) of the Internal Revenue Code. Any activities of which we are aware that would jeopardize the Coalition's tax-exempt status, and all activities subject to tax on unrelated business income or excise or other tax, have been disclosed to you. All required filings with tax authorities are up-to-date.

25) With respect to federal award programs and state financial assistance projects:

- a. We are responsible for understanding and complying with, and have complied with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), relating to preparation of the schedule of expenditures of federal awards.
- b. We acknowledge our responsibility for presenting the schedule of expenditures of federal awards (SEFA) and related notes in accordance with the requirements of the Uniform Guidance, and we believe the SEFA, including its form and content, is fairly presented in accordance with the Uniform Guidance. The methods of measurement or presentation of the SEFA have not changed from those used in the prior period, and we have disclosed to you any significant assumptions and interpretations underlying the measurement or presentation of the SEFA.
- c. If the SEFA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SEFA no later than the date we issue the SEFA and the auditor's report thereon.
- d. We have identified and disclosed to you all of our government programs and related activities subject to the Uniform Guidance compliance audit, and have included in the SEFA, expenditures made during the audit period for all awards provided by federal agencies in the form of federal awards, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.
- e. We are responsible for understanding and complying with the requirements of federal statutes, regulations, and the terms and conditions of federal awards related to each of our federal programs and have identified and disclosed to you the requirements of federal statutes, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on each major program. We performed a reconciliation to the Single Statewide Information System for the fiscal year ending June 30, 2019 and the provider over and underpayments were adjusted through provider payments and OEL reimbursement in accordance with OEL guidance. As such prior year identified findings have been fully resolved.
- f. We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that we are managing our federal awards in compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a material effect on our federal programs. We believe the internal control system is adequate and is functioning as intended.

- g. We have made available to you all federal awards (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relevant to federal programs and related activities.
- h. We have received no requests from a federal agency to audit one or more specific programs as a major program.
- i. We have complied with the direct and material compliance requirements (except for noncompliance disclosed to you), including when applicable, those set forth in the *OMB Compliance Supplement*, relating to federal awards and have identified and disclosed to you all amounts questioned and all known noncompliance with the direct and material compliance requirements of federal awards.
- j. We have disclosed any communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
- k. We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
- l. Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB's Uniform Guidance (2 CFR part 200, subpart E).
- m. We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.
- n. We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
- o. We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
- p. There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report.
- q. No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or material weaknesses in internal control over compliance subsequent to the period covered by the auditor's report.
- r. Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared.
- s. The copies of federal program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.
- t. We have monitored subrecipients, as necessary, to determine that they have expended subawards in compliance with federal statutes, regulations, and the terms and conditions of the subaward and have met the other pass-through entity requirements of the Uniform Guidance.
- v. We have considered the results of subrecipient audits and have made any necessary adjustments to our books and records.
- w. We have charged costs to federal awards in accordance with applicable cost principles.
- x. We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by the Uniform Guidance, and we have provided you

with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.

- y. We are responsible for and have ensured the reporting package does not contain protected personally identifiable information.
 - z. We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by the Uniform Guidance.
 - aa. We are responsible for taking corrective action on each audit finding of the compliance audit and have developed a corrective action plan that meets the requirements of the Uniform Guidance.
- 26) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 27) Except as disclosed in the financial statements, no events, including instances of noncompliance, have occurred subsequent to the statement of financial position date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements or in the schedule of findings and questioned costs.

Signed: 
Title: CFO

Date: 3/30/2021

Signed: 
Title: CEO

Date: 3/31/21

