

**EARLY LEARNING COALITION OF  
BREVARD COUNTY, INC.**

FINANCIAL STATEMENTS,  
SUPPLEMENTARY INFORMATION, AND  
INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2021  
(WITH COMPARATIVE TOTALS FOR THE  
YEAR ENDED JUNE 30, 2020)

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Early Learning Coalition of Brevard County, Inc.

### Report on the Financial Statements

We have audited the accompanying financial statements of the Early Learning Coalition of Brevard County, Inc. (the "Coalition") (a Florida nonprofit organization), which comprise the statements of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Coalition as of June 30, 2021, 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.

## **Report on Summarized Comparative Information**

We have previously audited the Early Learning Coalition of Brevard County, Inc.'s 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 27, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

## **Other Matters**

### *Other Information*

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

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2022 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Coalition's internal control over financial reporting and compliance.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
February 25, 2022

**EARLY LEARNING COALITION OF BREVARD COUNTY, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2021**  
**(WITH COMPARATIVE TOTALS FOR 2020)**

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	<b>ASSETS</b>	
	<u>2021</u>	<u>Comparative Totals 2020</u>
Cash and cash equivalents	\$ 2,377,748	\$ 2,473,031
Grants and accounts receivable	3,288,588	2,788,900
United Way receivable	267,000	257,000
Prepaid expenses	263,364	75,061
Due from Providers - Reconciliations	181,759	266,871
Furniture and equipment, net	<u>39,077</u>	<u>68,735</u>
 TOTAL ASSETS	 <u>\$ 6,417,536</u>	 <u>\$ 5,929,598</u>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 5,635,062	\$ 5,025,452
Due to Office of Early Learning - Reconciliations	<u>181,759</u>	<u>266,871</u>
 TOTAL LIABILITIES	 5,816,821	 5,292,323
 <b>NET ASSETS</b>		
Without Donor Restriction	333,715	380,275
With Donor Restriction	<u>267,000</u>	<u>257,000</u>
 TOTAL NET ASSETS	 <u>600,715</u>	 <u>637,275</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 6,417,536</u>	 <u>\$ 5,929,598</u>

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

**EARLY LEARNING COALITION OF BREVARD COUNTY, INC.**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2021**  
**(WITH COMPARATIVE TOTALS FOR 2020)**

	2021			2020
	Without Donor Restriction	With Donor Restriction	Total	Comparative Totals
Revenue and Other Support:				
Grants-Federal	\$ 27,684,324	\$ -	\$ 27,684,324	\$ 24,721,201
Grants-State	9,704,904	-	9,704,904	11,455,493
Total Grants-Federal and State	37,389,228	-	37,389,228	36,176,694
Contributions	39,196	-	39,196	133,073
United Way	-	267,000	267,000	257,000
Other Income	6,904	-	6,904	16
Net assets released from restrictions	257,000	(257,000)	-	-
Total Revenue and Other Support	37,692,328	10,000	37,702,328	36,566,783
Expenses:				
Program Services:				
School Readiness	24,883,241	-	24,883,241	23,938,246
Voluntary Pre-K	9,397,565	-	9,397,565	11,015,062
Other	1,949,617	-	1,949,617	-
Total Program Services:	36,230,423	-	36,230,423	34,953,308
Supporting Services:				
Management and General	1,508,465	-	1,508,465	1,454,221
Total Supporting Services	1,508,465	-	1,508,465	1,454,221
Total Expenses	37,738,888	-	37,738,888	36,407,529
Change in Net Assets	(46,560)	10,000	(36,560)	159,254
Net Assets at Beginning of Year	380,275	257,000	637,275	478,021
Net Assets at End of Year	\$ 333,715	\$ 267,000	\$ 600,715	\$ 637,275

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

**EARLY LEARNING COALITION OF BREVARD COUNTY, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2021**  
**(WITH COMPARATIVE TOTALS FOR 2020)**

	Program Services				Supporting Services	Total Expenses	
	Subsidized Child	Voluntary Pre-K	Other	Total	Management and General	2021	2020
	Care						
Salaries	\$ 1,029,662	\$ -	\$ -	\$ 1,029,662	\$ 940,981	\$ 1,970,643	\$ 1,867,986
Payroll taxes and workers compensation	82,303	-	-	82,303	72,978	155,281	150,498
Fringe benefits	125,004	-	-	125,004	153,684	278,688	380,881
Total salaries and related expenses	1,236,969	-	-	1,236,969	1,167,643	2,404,612	2,399,365
CCEP - Cares	-	-	-	-	-	-	8,400
Direct Services	23,262,958	9,397,565	-	32,660,523	-	32,660,523	32,742,173
Sub-recipient services	-	-	1,949,617	1,949,617	-	1,949,617	331,225
Program enhancements	-	-	-	-	-	-	-
Public Education	17,924	-	-	17,924	5,340	23,264	27,506
Computer/networking	9,719	-	-	9,719	26,165	35,884	143,751
Professional fees	48,128	-	-	48,128	38,047	86,175	43,443
Legal fees	-	-	-	-	31,421	31,421	40,898
Repairs and maintenance	5,539	-	-	5,539	4,661	10,200	12,014
Equipment rental and expense	5,000	-	-	5,000	18,159	23,159	43,524
Travel	105	-	-	105	567	672	16,091
Training	3,298	-	-	3,298	21,283	24,581	8,249
Occupancy	189,979	-	-	189,979	146,660	336,639	335,957
Printing	3,894	-	-	3,894	3,369	7,263	8,720
Telephone	19,215	-	-	19,215	15,158	34,373	13,279
Utilities	6,830	-	-	6,830	6,781	13,611	15,531
Insurance	12,607	-	-	12,607	10,735	23,342	20,197
Employment expenses	-	-	-	-	9,101	9,101	6,152
Dues and subscriptions	12,586	-	-	12,586	2,756	15,342	11,337
Educational supplies	15,900	-	-	15,900	-	15,900	136,960
Supplies	7,363	-	-	7,363	-	7,363	25,424
Other	763	-	-	763	619	1,382	182
TOTAL EXPENSES BEFORE DEPRECIATION AND AMORTIZATION	24,858,777	9,397,565	1,949,617	36,205,959	1,508,465	37,714,424	36,390,378
DEPRECIATION	24,464	-	-	24,464	-	24,464	17,151
TOTAL EXPENSES	\$ 24,883,241	\$ 9,397,565	\$ 1,949,617	\$ 36,230,423	\$ 1,508,465	\$ 37,738,888	\$ 36,407,529

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

**EARLY LEARNING COALITION OF BREVARD COUNTY, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2021**  
**(WITH COMPARATIVE TOTALS FOR 2020)**

	<u>2021</u>	<u>Comparative Totals 2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	<u>\$ (36,560)</u>	<u>\$ 159,254</u>
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	24,464	17,151
Decrease (increase) in assets:		
Grants and accounts receivable	(499,688)	112,930
United Way receivable	75,112	6,127
Prepaid expenses	(188,303)	(28,953)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	<u>524,498</u>	<u>1,339,839</u>
<b>NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES</b>	<u>(100,477)</u>	<u>1,606,348</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Sale (purchase) of furniture and equipment	<u>5,194</u>	<u>(52,848)</u>
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>	<u>5,194</u>	<u>(52,848)</u>
<b>NET CHANGE IN CASH</b>	(95,283)	1,553,500
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>2,473,031</u>	<u>919,531</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 2,377,748</u>	<u>\$ 2,473,031</u>

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



**EARLY LEARNING COALITION OF BREVARD COUNTY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

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**NOTE 1 - NATURE OF ORGANIZATION**

Early Learning Coalition of Brevard County, Inc. (the “Coalition”) was organized on May 8, 2000 as a Florida not-for-profit 501(c)(3) corporation. The Coalition was created by Florida Legislators, with the enactment of Florida Statute Section 411.01 that established the Florida Partnership for School Readiness (the “Partnership”), to coordinate private sector representatives, publicly funded early childhood education professionals, childcare industry representatives, and community and government leaders to ensure consistent quality in early childhood and childcare programs using state, federal, and local funding sources. The Coalition has been entrusted to implement the Voluntary, Pre-kindergarten (“VPK”) program in accordance with the laws, rules and regulations of the State of Florida particularly the Voluntary Pre-kindergarten Education Program Act, Chapter 1002, Part V, Florida Statutes. The Coalition contracts with various local organizations to administer and provide the Coalition's early childhood education programs as summarized below:

- Subsidized Child Care and Preschool Program: provides subsidized childcare services and preschool programs to eligible children and families, and provides administrative and direct services necessary to develop and maintain a safe, cost effective, and family-friendly system to protect at-risk children and to assist families in becoming or remaining economically self-sufficient. The following are some of the services provided through the Subsidized Child Care and Preschool Programs: developmental and growth screening, implementation of individual education plans, coordination of referral services, education on lifestyle factors, transition to kindergarten, parent education, community needs assessment, accessing community resources for health and nutrition, technical assistance to parents and providers, staff education, classroom education, and mentoring business partners.
- Florida First Start Program: provides early intervention services to at-risk infants and toddlers up to age four and their families. The program is organized as a home visiting family literacy program designed to give children at risk of future school failure the best possible start in life and to support parents in their role as children's first teachers.
- Quality Initiative: supports local and statewide work for School Readiness and VPK providers through professional development, coaching, and financial supports. Provides resources in order to further the development of high quality early childhood programming in Brevard County.
- Voluntary Pre-Kindergarten (VPK): provides that each child residing in Florida who will reach four years of age on or before September first of the school year is eligible for a free pre-kindergarten program designed to enhance each child's ability in the development of language and cognitive abilities through education in basic skills.

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

**EARLY LEARNING COALITION OF BREVARD COUNTY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The Coalition prepares its financial statements on the accrual basis of accounting. Accounting standards establish external financial reporting standards for not-for-profit organizations, which include four basic financial statements: the statement of financial position, the statement of activities, the statement of functional expenses, and the statement of cash flows. Accounting standards require that resources be classified for accounting and reporting purposes into the following two separate classes of net assets according to externally imposed restrictions:

- Net assets without donor restrictions: The portion of the net assets of the Coalition that can be used subject only to the broad limits resulting from the nature of the Coalition, the environment in which it operates, and the purposes specified in its articles of incorporation or bylaws. In some cases, the use of these resources is also subject to limits resulting from contractual agreements entered into by the Coalition with suppliers, creditors, and others in the course of its business. The Coalition has the greatest ability to choose when using these resources.

Net assets without donor restrictions generally result from grant revenues, contributions, and support that are not subject to donor-imposed restrictions reduced by expenses incurred in providing services, raising contributions, and performing administrative functions.

- Net assets with donor restrictions: The portion of the net assets of the Coalition that is subject to either donor imposed time restrictions or donor-imposed purpose restrictions. These restrictions limit the Coalition's choices when using these resources because the Coalition has a fiduciary responsibility to its donors to follow the donor's instructions. Net assets with donor restrictions generally result from donor-restricted contributions.

**Furniture and Equipment, net**

Equipment is stated at cost, if purchased or at estimated fair value at the date of receipt and if acquired as a gift. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which generally ranges from three to five years. Major renewals and betterments are capitalized. Maintenance, repairs, and minor renewals are expensed as incurred. It is the policy of the Coalition to maintain all property and equipment in good condition.

Property acquired with governmental funds is considered to be owned by the Coalition while used in the program for which it was purchased or in future authorized programs; however, its disposition, as well as the ownership of any proceeds therefrom, is subject to applicable regulations. The capitalization threshold is \$1,000.

**Accrued Benefits**

Accrued benefits represent vested vacation leave. Vacation leave is charged as an expense in the period in which it is earned by the employee.

**EARLY LEARNING COALITION OF BREVARD COUNTY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Management Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("US GAAP") requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures including, but not limited to, the determination of the net realizable value of receivables and the useful lives of donated and acquired assets. Accordingly, actual results could differ from estimates.

**Income Taxes**

The Coalition is exempt from income taxes under Section 501(c)(3) of the Internal Revenue code. Accordingly, no provision for federal or state income taxes has been made in the accompanying financial statements.

The Coalition recognizes and measures tax positions taken or expected to be taken in its tax return based on their technical merit and assesses the likelihood that the positions will be sustained upon examination based on the facts, circumstances, and information available at the end of each period. Interest and penalties on tax liabilities, if any, would be recorded in interest expense and other non-interest expense, respectively.

The U.S. Federal jurisdiction and Florida are the major tax jurisdictions where the Coalition files tax returns. The Coalition is generally no longer subject to U.S. Federal or State examinations by tax authorities for years before 2018.

**Grants Receivable**

Grants receivable are due from federal and state governmental agencies and recorded when services are provided. The Coalition's receivables as of June 30, 2021 are due in less than one year and management believes that all receivables are fully collectible. Accordingly, no allowance for doubtful accounts is considered necessary.

**Receivable from the United Way**

The Coalition has a receivable from the United Way and considers it to be fully collectible. Accordingly, no allowance for doubtful accounts is required. The entire amount is receivable within the next fiscal year and funds are temporarily restricted as of June 30, 2021.

**Prepaid Expenses**

Consists of insurance and payroll expenses paid in advance.

**Revenue Recognition**

The Coalition's principal source of revenue is derived from federal and state grants, which are conditioned upon certain performance requirements and/or the occurrence of allowable qualifying expenses. Amounts received are recognized as revenue when we have incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position.

**EARLY LEARNING COALITION OF BREVARD COUNTY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Revenue Recognition (Continued)**

Contributions are recognized when the unconditional promise to give is received. Conditional promises to give, with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. Contributions are recorded as with donor restrictions or without donor restrictions, depending on the existence or nature of any donor-imposed restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Restrictions on gifts to acquire long lived assets are considered met in the period in which the assets are acquired or placed into service.

**Allocation of Functional Expenses**

Program expenses and management and general expenses have been summarized on a functional basis in the Statements of Activities and in the Statements of Functional Expenses. Directly identifiable expenses are charged to programs and supporting services. Expenses are allocated between program services and management and general and fundraising. Salaries are allocated based on actual time spent in these activities or administration of programs. Other expenses are allocated based on direct usage or management's estimates of the benefit derived by each activity.

**Accounting Pronouncements**

In May 2014, the FASB issued ASU 2014-19, Revenue from Contracts with Customers (Topic 606). This ASU replaces nearly all existing U.S. GAAP guidance on revenue recognition. In June 2020, the FASB issued ASU 2020-05, Revenue from Contracts with Customers: Topic 606: Effective Dates for Certain Entities. This standard delays the effective date for non-public entities to fiscal years beginning after December 15, 2019, with early adoption permitted. The Coalition is evaluating the impact the pronouncement may have on the financial statements.

The Coalition has adopted the FASB Accounting Standards Update (ASU) 2018-08, clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions made during the year ended June 30, 2020. The ASU provides guidance in evaluating whether transactions should be accounted for as contributions or exchanges. In addition, the update introduces the concept of barriers in providing additional guidance on identifying conditions that would preclude the recognition of a contribution as revenue. The adoption of this standard did not result in any changes to the financial statements of the Coalition for the year ended June 30, 2020.

**Subsequent Events**

The Organization has evaluated subsequent events through February 16, 2022, which is the date the financial statements were available to be issued. See Note 12.

**EARLY LEARNING COALITION OF BREVARD COUNTY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

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**NOTE 3 – FURNITURE AND EQUIPMENT, NET**

Furniture and equipment is comprised of the following as of June 30, 2021:

Equipment	\$ 165,175
Furniture and fixtures	<u>24,092</u>
	189,267
Less: accumulated depreciation	<u>(150,190)</u>
	<u>\$ 39,077</u>

Depreciation expense was \$24,464 for the year ended June 30, 2021.

**NOTE 4 – LINE OF CREDIT**

As of June 30, 2021, the Coalition has a \$50,000 unsecured line of credit with a bank to be utilized as needed with an interest rate of 0% above prime (3.25% at June 30, 2021). As of June 30, 2021, no amounts are outstanding. The line of credit is on demand, but has a maturity date of March 12, 2022.

**NOTE 5 – RETIREMENT PLAN**

The Coalition has a qualified retirement plan for all qualifying employees. All employees over the age of 21 that have worked a minimum of 1,000 regular paid hours and completed one year of service are eligible to participate. Matching contributions are made to the plan by the Coalition on a discretionary basis. During the year ended June 30, 2021, the Coalition provided a 3% matching contribution totaling \$27,935. Employees are immediately vested in their contributions and matching contributions are vested over a four-year period of service.

**NOTE 6 - CONCENTRATION**

The Coalition places its cash deposits with creditworthy, high-quality institutions. At times, cash balances may temporarily exceed the Federal Deposit Insurance Coverage (“FDIC”) limit of \$250,000.

The Coalition has \$600,715 in net assets as of June 30, 2021. Substantially, all of the Coalition’s support was provided by the Federal government and State of Florida under early childhood education and voluntary pre-kindergarten programs. A significant reduction in this level of support, if this were to occur, would have an adverse effect on the Coalition’s programs and activities and its ability to satisfy its financial provider arrangements are only payable from the Coalition upon support provided from the Federal government and the State of Florida. To the extent the subcontracted payment arrangements will not be forthcoming, the Coalition will not be obligated. The Coalition’s risk is limited to the support received from the federal and state grants.

**NOTE 7 – COMMITMENTS AND CONTINGENCIES**

**Operating Leases**

The Coalition leases office spaces in Rockledge, Melbourne, and Titusville, Florida under operating leases with unrelated parties. The Coalition also leases office equipment under operating leases. Total rent expense on these leases was \$348,489 for the year ended June 30, 2021.

**EARLY LEARNING COALITION OF BREVARD COUNTY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

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NOTE 7 – COMMITMENTS AND CONTINGENCIES (Continued)

**Operating Leases (Continued)**

The following is a schedule of future lease payments:

<u>Year ending June 30,</u>	
2022	\$ 356,538
2023	250,087
2024	172,878
2025	175,052
2026	<u>177,258</u>
Total minimum lease payments	<u>\$ 1,131,813</u>

**Other**

The Coalition is 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.

The Coalition is involved in various other claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Coalition's financial position, results of operations or liquidity.

NOTE 8 – RELATED PARTY TRANSACTIONS

In accordance with applicable regulations, the Coalition's Board of Directors includes representatives of private and public sector industries. During the year ended June 30, 2021, the Coalition entered into several contracts with certain private and public sector industries with which certain Coalition Board Members are associated, for the purpose of providing services to participants. Total payments to these organizations during the year ended June 30, 2021 totaled \$1,371,258. Amounts due at June 30, 2021 totaled \$97,821 and were included in accounts payable and accrued expenses on the accompanying statements of financial position.

NOTE 9 – NET ASSETS WITH DONOR RESTRICTIONS

As of June 30, 2021, the Coalition's net assets with donor restrictions totaled \$267,000 and are restricted for United Way sponsored programs. Amounts are held in United Way receivable on the statement of financial position.

**EARLY LEARNING COALITION OF BREVARD COUNTY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

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**NOTE 10 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The Coalition monitors its liquidity so that it is able to meet its operating needs and other contractual commitments while maximizing the investment of its excess operating cash. The Coalition has the following financial assets that could be readily made available within one year of the balance sheet to fund expenses without limitations:

Cash and cash equivalents	\$	2,377,748
Grants and accounts receivable		3,288,588
Financial Assets available to meet cash needs for opening expenses within one year:		<u>\$ 5,666,336</u>

**NOTE 11 – OFFICE OF EARLY LEARNING - EFS SYSTEM**

During the 2019 and 2020 fiscal years, the Office of Early Learnings (“OEL”) experienced difficulties in the implementation and functionality of its client and data management system, EFS MOD.

In order to assure that the children of Brevard would continue to be served and that providers were paid timely, OEL instructed the Coalition to make estimated payments throughout fiscal year 2019 and 2020. As of the date of these financial statements, the Coalition has reconciled 100% of the provider payments. Based on the results obtained from those reconciliations, OEL and the Coalition believe that the net overpayment to providers as a result of making estimated payments is \$181,759. OEL is fully aware of these overpayments. At June 30, 2021, the overpayments to the providers of \$181,759 have been recorded as Due from Providers, and a liability to OEL has been recorded for the same amount. In the event that the providers do not pay in full or in part, the Coalition will not be liable to the OEL and the Coalition will not incur any loss.

**NOTE 12 – OTHER MATTERS**

As the spread of the COVID-19 coronavirus continues worldwide, economic uncertainties have arisen that are likely to impact the Organization’s financial results. While management expects this impact to be temporary, the severity and duration of the impact is uncertain at this time.

SUPPLEMENTARY INFORMATION



**EARLY LEARNING COALITION OF BREVARD COUNTY, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED JUNE 30, 2021**

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Grantor/Pass-Through Grantor Program Title	Federal CFDA#	Contract Number	Expenditures
FEDERAL AWARDS:			
<b>U.S. Department of Health and Human Services</b>			
Temporary Assistance for Needy Families Program:			
Passed Through Florida's Office of Early Learning	93.558	EL080	\$ 5,026,092
Child Care and Development Fund (CCDF) Cluster:			
CCDF Block Grant			
Passed Through Florida's Office of Early Learning	93.575	EL080	18,134,179
CCDF - Mandatory Matching			
Passed Through Florida's Office of Early Learning	93.596	EL080	<u>5,069,679</u>
<b>CCDF Cluster Total</b>			<u>23,203,858</u>
Social Services Block Grant			
Passed Through Florida's Office of Early Learning	93.667	EL080	9,844
Every Student Succeeds Act/Preschool Development Grants			
Passed Through Florida's Office of Early Learning	93.434	EL080	1,298
<b>Total U.S. Department of Health and Human Services</b>			<u>28,241,092</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 28,241,092</u>
STATE AWARDS:			
<b>State of Florida Department of Education</b>			
Florida Department of Education, Office of Early Learning			
Voluntary Pre-Kindergarten Education			
Program for 2019-2020 Fiscal Year	48.108	EL080	<u>\$ 9,130,149</u>
<b>Total State Expenditures</b>			<u>9,130,149</u>
<b>Total Federal and State Expenditures</b>			<u>\$ 37,371,242</u>

**EARLY LEARNING COALITION OF BREVARD COUNTY, INC.**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE**  
**FINANCIAL ASSISTANCE**  
**JUNE 30, 2021**

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**1. GENERAL**

The accompanying Schedule of Expenditures of Federal and State Awards includes 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) 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 basic financial statements.

**2. BASIS OF ACCOUNTING**

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance is presented using the accrual basis of accounting and includes expenses incurred by the Coalition during the year ended June 30, 2021.

**3. BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance includes the federal and state grant activity of the Coalition during its fiscal year July 1, 2020 to June 30, 2021. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance and Chapter 10.650, Rules of the Auditor General of the State of Florida. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

**4. INDIRECT COST RATE**

The Coalition has elected not to use the de minimis indirect cost rate for its federal programs and state projects for the year ended June 30, 2021. The indirect cost rates used on the Coalition's federal programs and state projects are determined by the relevant federal or state agency.



**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***

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To the Board of Directors  
Early Learning Coalition of Brevard County, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Early Learning Coalition of Brevard County, Inc. (the "Coalition") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 25, 2022.

**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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Coalition's internal control. Accordingly, we do not express an opinion on the effectiveness of the Coalition's internal control.

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

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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

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

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
February 25, 2022



**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***

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To the Board of Directors  
Early Learning Coalition of Brevard County, Inc.

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

We have audited Early Learning Coalition of Brevard County, Inc.’s (the “Coalition”) compliance with the types of compliance requirements described in the *OMB Compliance Supplement*, and the requirements described in the *Department of Financial Services’ State Projects Compliance Supplement*, 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, 2021. 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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs and state projects.

***Auditor’s Responsibility***

Our responsibility is to express an opinion on compliance for each of the Coalition’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.650, *Rules of the Auditor General*. Those standards 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 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 Compliance for Each Major Federal Program and State Project***

In our opinion, the Coalition complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal and state projects for the year ended June 30, 2021.

### **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 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 to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program 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 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 preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.

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



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
February 25, 2022

**EARLY LEARNING COALITION OF BREVARD COUNTY, INC.  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS – FEDERAL AWARDS PROGRAMS AND  
 STATE FINANCIAL ASSISTANCE  
 FOR THE YEAR ENDED JUNE 30, 2021**

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SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?  Yes  No

Significant deficiency(ies) identified that are not considered to be a material weakness(es)?  Yes  No

Noncompliance material to financial statements noted?  Yes  No

Federal Awards and State Awards

Internal control over major federal programs and state projects:

Material weakness(es) identified?  Yes  No

Significant deficiency(ies) identified that are not considered to be a material weakness(es)?  Yes  No

Type of auditor’s report issued on compliance for major programs

Unmodified

Any audit findings disclosed that are required to be reported in accordance with the 2 CFR 200.516 (a) of the Uniform Guidance and Chapter 10.650, *Rules of the Auditor General*?  Yes  No

Identification of major programs:

CFDA/CFSA Number    Name of Federal/State Program or Cluster

93.575, 93.596            Child Care Development Fund (CCDF) Cluster  
 93.558                      Temporary Assistance for Needy Families  
 48.108                        VPK State General Funds

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

\$ 750,000    Federal  
 \$ 250,000    State

Auditee qualified as low-risk auditee?  Yes  No

**EARLY LEARNING COALITION OF BREVARD COUNTY, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – FEDERAL AWARDS PROGRAMS AND  
STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED JUNE 30, 2021**

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SECTION II – FINANCIAL STATEMENT FINDINGS

CURRENT YEAR FINDINGS

None

PRIOR YEAR FINDINGS

None

SECTION III – FEDERAL AND STATE AWARD FINDINGS AND QUESTIONED COSTS

None

SECTION IV – OTHER ISSUES

1. Management letter was issued for the year ended June 30, 2021 dated February 25, 2022.
2. No Summary Schedule of Prior Audit Findings is required because there were no prior audit findings related to Federal awards programs or State financial assistance projects.
3. No corrective action plan is required because there were no findings required to be reported under the Federal OMB Circular Compliance Supplement or the Department of Financial Services' State Project Compliance Supplement.
4. As explained in Note 11 to the financial statements, OEL and the Organization believe that the net overpayment remaining to providers as a result of making estimated payments in prior years, which was reported as an audit finding during the year ended June 30, 2019, is \$181,759. The finding was addressed and corrected during the year ending June 30, 2020. As a result, no finding has been reported in the current year or disclosed in the accompanying schedule of prior audit findings as this was corrected in the prior audit.



**EARLY LEARNING COALITION OF  
BREVARD COUNTY, INC.**

MANAGEMENT LETTER

JUNE 30, 2021

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Verdeja • De Armas • Trujillo

Certified Public Accountants and Advisors



Octavio F. Verdeja, Founder - 1971

Manny Alvarez, C.P.A.  
Monique Bustamante, C.P.A.  
Pedro M. De Armas, C.P.A.  
Alejandro M. Trujillo, C.P.A.  
Javier Verdeja, C.P.A.  
Octavio A. Verdeja, C.P.A.  
Tab Verdeja, C.P.A.

Armando Aburto, C.P.A.  
Jorge Albeirus, C.P.A.  
Lisset I. Cascudo, C.P.A.  
Claudia Estrada, C.P.A.  
Cristy C. Rubio, C.P.A.  
Pedro L. Silva, C.P.A.

## MANAGEMENT LETTER

To the Board of Directors of  
Early Learning Coalition of Brevard County, Inc.

### Report on the Financial Statements

We have audited the financial statements of Early Learning Coalition of Brevard County, Inc., (the "Organization") as of and for the fiscal year ended June 30, 2021, and have issued our report thereon dated February 25, 2022.

### 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; 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.

### Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on 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, and Schedule of Findings and Questioned Costs in accordance with the Uniform Guidance, and Chapter 10.650, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated February 25, 2022, should be considered in conjunction with this management letter.

### Management letter

In planning and performing our audit of the financial statements of the Organization as of and for the year ended June 30, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected, on a timely basis. A *management point* is an observation and/or a suggestion regarding the organization's activities that go beyond internal control related matters.

Our consideration of internal control was for the limited purpose described in the first paragraph of this subsection and was not designed to identify all deficiencies in internal control that might be material weaknesses. 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.

Generally accepted auditing standards require auditors to communicate *material weaknesses* and *significant deficiencies* in internal control that they become aware of during the audit. Generally accepted auditing standards do not require auditors to communicate *management points*. Our firm's policy requires us to inform you of any *management points* discovered during our audit.

The following summarizes the results of our audit for the year ended June 30, 2021:

Material Weakness Identified	<u>    </u> Yes	<u>  X  </u> No
Management Point Identified	<u>  X  </u> Yes	<u>    </u> No

### **Additional Matters**

Section 10.654(1)(e), Rules of the Auditor General, requires that we communicate 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, Federal programs, or State project amounts that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

### **Purpose of this 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.



VERDEJA, DE ARMAS, & TRUJILLO, LLP

Coral Gables, Florida  
February 25, 2022

**EARLY LEARNING COALITION OF BREVARD COUNTY, INC.  
MANAGEMENT POINTS  
FOR THE YEAR ENDED JUNE 30, 2021**

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**2021-01: YEAR-END ADJUSTMENTS**

**OBSERVATION**

Year-end adjustments and reclassifications were required for prepaid expenses, accounts payable and certain accruals. Further, an adjustment was required at year-end to record amounts due from providers and the corresponding amount due to the Office of Early Learning.

**RECOMMENDATION**

We realize that there was turnover in the accounting department and that a controller was recently hired. On a monthly basis, balance sheet accounts should be reviewed, reconciled to support, and adjusted on a timely basis. Procedures related to the reconciliation and review process should be documented or a checklist should be created to assist in this process.

**MANAGEMENT RESPONSE**

The ELC Brevard leadership acknowledges the management point identified in the management letter. As noted in the recommendation, the Chief Financial Officer and the Chief Executive Officer are working on updated procedures related to the reconciliation and review process. A comprehensive agency-wide policy and governance initiative is being developed and will be presented to the Board of Directors for review and approval.