

**EARLY LEARNING COALITION OF FLORIDA'S
GATEWAY, INC.**

FINANCIAL STATEMENTS

For the Year Ended June 30, 2021
(With Summarized Financial Information for
the Year Ended June 30, 2020)

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**EARLY LEARNING COALITION OF FLORIDA'S
GATEWAY, INC.**

BOARD MEMBERS

June 30, 2021

Connie Anderson	Chair
Dr. Pamela Carswell	Vice Chair
Mantha Young	Treasurer
John Burns	Secretary
Vondarius Lane	Member
Janene Fitzpatrick	Member
Diane Head	Member
Thomas Moffses	Member
Carol Milton	Member
Michelle Ward	Member
Terri Boyette	Member
Pat Brantley	Member
Melanie Howard	Member
Brandon Fernald	Member
Dr. Jimbo Haley	Member
Trevor Hickman	Member
Myron McClendon	Member
Stacy Rimes	Ex-officio, voting
Stephen Clark	Ex-officio, non-voting
Dawn Odum	Ex-officio, non-voting
Annie Pinello	Ex-officio, non-voting
Kerry Waldron	Ex-officio, non-voting
Lashone T. Surrency	Executive Director
Zackery Hackley	Interim Finance Director

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**EARLY LEARNING COALITION OF FLORIDA'S
GATEWAY, INC.**

FINANCIAL STATEMENTS

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(With Summarized Financial Information for the Year
Ended June 30, 2020)

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FINANCIAL SECTION

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KENNETH M. DANIELS
CERTIFIED PUBLIC ACCOUNTANT

107 2nd Ave S.E.
Jasper, FL 32052

Phone 386-792-1906
Fax 386-792-1925
kmdcpa@windstream.net

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Early Learning Coalition of Florida's Gateway, Inc.
Lake City, Florida

Report on the Financial Statements

I have audited the accompanying financial statements of the Early Learning Coalition of Florida's Gateway, Inc., a non-profit 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.

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 State of America; this includes the design, implementation, and maintenance of internal control relevant to the fair presentation of the financial statements that are free from material misstatement, whether due to error or fraud.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Early Learning Coalition of Florida's Gateway, Inc., 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.

Other Matters

Report on Summarized Comparative Information

I was previously engaged to audit the Early Learning Coalition of Florida's Gateway, Inc.'s 2020 financial statements, and I expressed an unmodified audit opinion on those financial statements in my report dated March 12, 2021. In my opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the financial statements from which it has been derived.

Other Information

My 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. The Schedule of Expenditures of Federal Awards and State Financial Assistance 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 my 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*, I have also issued my report dated February 25, 2022, on my consideration of the Early Learning Coalition of Florida's Gateway, Inc.'s, internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the

results of that testing, and not to provide an opinion on the effectiveness of the Early Learning Coalition of Florida's Gateway, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Early Learning Coalition of Florida's Gateway, Inc.'s internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read "Ken M Daniels".

Kenneth M. Daniels
Certified Public Accountant
February 25, 2022

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FINANCIAL STATEMENTS

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EARLY LEARNING COALITION OF FLORIDA'S GATEWAY, INC.

STATEMENT OF FINANCIAL POSITION

June 30, 2021

(With Summarized Financial Information as of June 30, 2020)

Assets

Current assets	<u>2021</u>	<u>2020</u>
Cash	\$ 957,945	\$ 390,161
Due from others	-	11,972
Due from providers	133,090	424,426
Due from State of Florida	<u>860,776</u>	<u>2,408,570</u>
Total current assets	<u>1,951,811</u>	<u>3,235,129</u>
Fixed assets		
Computer equipment and software	149,416	131,692
Office equipment and furniture	6,086	6,014
Leasehold improvements	34,075	34,075
Vehicles	<u>84,447</u>	<u>84,447</u>
Total depreciable assets	274,024	256,228
Accumulated depreciation	<u>(242,030)</u>	<u>(239,927)</u>
Total net fixed assets	<u>31,994</u>	<u>16,301</u>
Total assets	<u>\$ 1,983,805</u>	<u>\$ 3,251,430</u>

Liabilities and Net Assets

Current liabilities		
Accounts payable	\$ 714,672	\$ 1,739,867
Accrued wages, taxes and withholding	16,658	35,626
Due to State of Florida	<u>581,976</u>	<u>762,736</u>
Total current liabilities	<u>1,313,306</u>	<u>2,538,229</u>
Net assets		
Without donor restrictions	<u>670,499</u>	<u>713,201</u>
Total liabilities and net assets	<u>\$ 1,983,805</u>	<u>\$ 3,251,430</u>

EARLY LEARNING COALITION OF FLORIDA'S GATEWAY, INC.

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2021

(With Summarized Financial Information for the Year Ended June 30, 2020)

Revenues, Gains, and Other Support	Totals	
	<u>2021</u>	<u>2020</u>
School Readiness Funding		
Federal grants	\$ 10,429,922	\$ 9,785,451
State grants	2,284,743	2,716,356
Other contractual	2,520	6,030
Contributions	1,313	11,153
Miscellaneous	<u>15,875</u>	<u>19,474</u>
Total revenues, gains, and other support	<u>12,734,373</u>	<u>12,538,464</u>
 Expenses		
Program Services		
School readiness programs		
Non-direct Program Support	268,672	319,463
Eligibility Determination	253,802	191,192
Quality Improvement - infant and toddler	101,643	112,975
Resource and referral	118,383	131,985
Quality services	312,018	910,989
Quality Improvement	39,756	59,387
Performance funding	-	2,192
Quality Health and Safety	-	50,699
Targeted Assistance to Providers	63,526	58,656
CRRSA Funding	714,000	-
Cares Funding	1,815,563	471,002
Preschool Development Grant (PDG) Support	37,952	52,354
Child Care Information Systems	103,399	128,208
Program assessment	10,296	-
Child Care	<u>8,504,381</u>	<u>10,093,893</u>
Total program services	<u>12,343,391</u>	<u>12,582,995</u>
 Supporting Services		
Management and general		
Cares	89,009	-
Voluntary Pre-K	52,430	113,678
School Readiness	291,791	208,082
Preschool Development Grant (PDG)	<u>454</u>	<u>4,279</u>
Total management and general	<u>433,684</u>	<u>326,039</u>
Total operating expenses	12,777,075	12,909,034
Change - increase (decrease) - in net assets	(42,702)	(370,570)
Net assets at beginning of year	<u>713,201</u>	<u>1,083,771</u>
Net assets at end of year	<u>\$ 670,499</u>	<u>\$ 713,201</u>

EARLY LEARNING COALITION OF FLORIDA'S GATEWAY, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2021

(With Summarized Financial Information for the Year Ended June 30, 2020)

Expenses	Program Services									
	Nondirect <u>Support</u>	Eligibility <u>Determination</u>	I & T Quality <u>Improvement</u>	Resource & Referral	Quality <u>Services</u>	Quality <u>Improvement</u>	Targeted <u>Assistance</u>	CARES <u>Funding</u>	PDG <u>Support</u>	Child Care <u>Info Systems</u>
Salaries	\$ 186,350	\$ 172,127	\$ 66,561	\$ 61,063	\$ 115,987	\$ 27,109	\$ 41,268	\$ -	\$ -	\$ 72,759
Payroll taxes	13,416	12,607	5,037	4,505	8,764	2,070	3,088	-	-	5,463
Benefits reemployment	-	-	-	-	-	-	-	-	-	-
Health insurance	27,255	23,923	10,373	9,272	18,007	2,234	6,565	-	-	9,471
Retirement	6,899	6,273	2,912	2,002	4,791	1,472	1,971	-	-	2,008
Other benefits	-	-	(10)	-	(17)	(10)	(4)	-	-	-
Staff development	107	113	52	40	762	22	32	-	-	40
Tuition reimbursement	-	-	-	-	1,855	-	-	-	-	-
Professional services	2,721	2,658	1,116	8,110	2,029	520	866	-	-	880
Repairs and maintenance	368	388	162	152	274	67	92	-	-	107
Direct services	-	-	-	-	-	-	-	992,716	-	-
Occupancy	13,671	15,512	6,503	5,741	10,875	2,644	3,935	-	-	5,013
Postage, freight, and delivery	53	53	22	22	40	10	17	-	-	41
Rentals - office equipment	829	1,007	385	347	691	169	276	-	-	460
Office supplies/expense	2,119	2,277	1,032	1,231	1,666	386	589	-	-	758
Communications	3,626	3,917	1,706	1,467	2,840	678	993	-	-	1,234
Insurance	2,058	2,129	962	861	1,604	387	613	-	-	656
Equipment < \$1000	-	-	-	-	-	-	-	-	-	-
Quality and classroom sup.	460	434	179	660	13,453	87	151	-	11,668	148
Training materials/space	79	37	32	14	5,201	15	78	-	-	14
Consumer education	988	931	384	19,391	30,301	187	324	500	3,105	318
Grants to providers	1,344	1,687	676	615	58,162	297	473	822,347	4,578	801
Scholarships/other education	17	22	9	8	16,886	4	6	-	18,601	11
Wage incentives	-	-	-	-	12,075	-	-	-	-	-
Travel and training	483	563	223	206	397	99	160	-	-	247
Bank fees	-	-	-	-	-	-	-	-	-	-
Application software licenses	3,380	3,848	1,775	1,471	2,858	657	1,043	-	-	1,923
Web service/hosting	646	813	326	296	556	143	228	-	-	388
Other employee expenses	2,134	2,466	1,073	903	1,742	440	653	-	-	941
Dues and subscriptions	(593)	(265)	38	(106)	11	16	21	-	-	(398)
Taxes, licenses, fees	262	282	115	112	208	53	88	-	-	116
Miscellaneous/other	-	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-	-
Total expenses	\$ 268,672	\$ 253,802	\$ 101,643	\$ 118,383	\$ 312,018	\$ 39,756	\$ 63,526	\$ 1,815,563	\$ 37,952	\$ 103,399

(Continued)
See notes to financial statements.

EARLY LEARNING COALITION OF FLORIDA'S GATEWAY, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2021

(With Summarized Financial Information for the Year Ended June 30, 2020)

Expenses (continued)	Program Services			Management and General				Totals	
	<u>CRRSA</u>	<u>Program Assessment</u>	<u>Pre-K/Child Care</u>	<u>CARES</u>	<u>Voluntary Pre-K</u>	<u>School Readiness</u>	<u>PDG</u>	<u>2021</u>	<u>2020</u>
Salaries	\$ -	\$ 7,280	\$ -	\$ 81,710	\$ 39,461	\$ 147,557	\$ 403	\$ 1,019,635	\$ 916,342
Payroll taxes	-	537	-	6,193	1,875	15,459	21	79,035	68,632
Benefits reemployment	-	-	-	-	-	-	-	-	1
Health insurance	-	813	-	51	2,962	16,010	18	126,954	132,490
Retirement	-	248	-	-	893	6,313	12	35,794	36,586
Other benefits	-	(1)	-	-	-	-	-	(42)	2,206
Staff development	-	3	-	-	(259)	419	-	1,331	4,933
Tuition reimbursement	-	-	-	-	-	-	-	1,855	-
Professional services	-	151	-	-	2,789	1,181	-	23,021	19,653
Repairs and maintenance	-	16	-	6	47	283	-	1,962	1,716
Direct services	-	-	8,504,381	-	-	-	-	9,497,097	10,315,696
Occupancy	-	599	-	43	1,985	36,747	-	103,268	89,859
Postage, freight, and delivery	-	3	-	-	6	783	-	1,050	415
Rentals - office equipment	-	25	-	-	194	1,748	-	6,131	4,346
Office supplies/expense	-	52	-	5	299	3,784	-	14,198	33,966
Communications	-	108	-	17	536	14,794	-	31,916	24,655
Insurance	-	70	-	1	242	5,286	-	14,869	18,300
Equipment < \$1000	-	-	-	-	-	6,977	-	6,977	38,787
Quality and classroom sup.	-	30	-	-	49	632	-	27,951	31,965
Training materials/space	-	5	-	-	6	2,993	-	8,474	27,262
Consumer education	-	64	-	873	106	939	-	58,411	34,775
Grants to providers	714,000	65	-	-	285	3,189	-	1,608,519	609,262
Scholarships/other education	-	1	-	-	4	41	-	35,610	18,540
Wage incentives	-	-	-	-	-	-	-	12,075	409,444
Travel and training	-	24	-	-	96	908	-	3,406	12,456
Bank fees	-	-	-	108	-	(72)	-	36	(3)
Application software licenses	-	86	-	-	521	4,486	-	22,048	20,434
Web service/hosting	-	31	-	-	138	1,548	-	5,113	7,480
Other employee expenses	-	65	-	1	350	4,410	-	15,178	8,239
Dues and subscriptions	-	4	-	1	(196)	5,404	-	3,937	4,290
Taxes, licenses, fees	-	17	-	-	41	420	-	1,714	252
Miscellaneous/other	-	-	-	-	-	1,212	-	1,212	544
Depreciation	-	-	-	-	-	8,340	-	8,340	15,512
Total expenses	<u>\$ 714,000</u>	<u>\$ 10,296</u>	<u>\$ 8,504,381</u>	<u>\$ 89,009</u>	<u>\$ 52,430</u>	<u>\$ 291,791</u>	<u>\$ 454</u>	<u>\$ 12,777,075</u>	<u>\$ 12,909,034</u>

EARLY LEARNING COALITION OF FLORIDA'S GATEWAY, INC.

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2021

(With Summarized Financial Information for the Year Ended June 30, 2020)

Cash flows from operating activities	<u>2021</u>	<u>2020</u>
Cash received from federal and state grants	\$ 14,262,459	\$ 11,079,077
Cash received from contractual services	2,520	6,030
Cash received from contributions and miscellaneous	29,160	18,655
Cash paid to employees	(1,038,603)	(910,102)
Cash paid for employee taxes and benefits	(243,072)	(244,847)
Cash paid for supplies and provider assistance	(2,015,168)	(1,416,637)
Cash paid for childcare	<u>(10,411,716)</u>	<u>(8,357,926)</u>
Net cash provided (used) by operating activities	<u>585,580</u>	<u>174,250</u>
 Cash flows from investing activities		
Payments for equipment	<u>(17,796)</u>	<u>(9,267)</u>
 Cash - beginning	<u>390,161</u>	<u>225,178</u>
Cash - ending	<u>\$ 957,945</u>	<u>\$ 390,161</u>
 Reconciliation of increase (decrease) in net assets to net cash provided (used) by operating activities		
Increase (decrease) in net assets	<u>\$ (42,702)</u>	<u>\$ (370,570)</u>
 Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities		
Depreciation	(8,340)	15,512
Decrease (increase) in operating assets		
Grant funds receivable	1,547,794	(1,422,730)
Due from others	11,972	(11,972)
Due from providers	291,336	140,018
Increase (decrease) in operating liabilities		
Accounts payable	(1,014,752)	1,620,184
Accrued payroll, taxes and withholding	(18,968)	6,240
Due to the State	<u>(180,760)</u>	<u>197,568</u>
Total adjustments	<u>628,282</u>	<u>544,820</u>
Net cash provided (used) by operating activities	<u>\$ 585,580</u>	<u>\$ 174,250</u>
 Noncash transactions	<u>\$ -</u>	<u>\$ -</u>

**EARLY LEARNING COALITION OF FLORIDA'S
GATEWAY, INC.**

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Purpose - The Early Learning Coalition of Florida's Gateway, Inc. (Coalition), is a nonprofit corporation organized on May 2, 2000, for the purpose of providing opportunities for at risk, birth to kindergarten children and enhancing their chances for educational success. The Coalition was specifically formed to implement the provisions of the "Florida School Readiness Act" in the counties of Columbia, Hamilton, Lafayette, Suwannee, and Union.

The Organization is governed by a voluntary board of directors selected from the five-county area.

The Organization is primarily funded by grant contracts with the State of Florida Division of Early Learning, which includes State and Federal grant funding for childcare and school readiness programs. The Organization primarily provides its school readiness and VPK services through contractual arrangements with area childcare providers and school boards.

Revenues supporting the Organization are primarily federal and state grants, contractual services, and contributions.

Basis of Accounting - The Coalition follows standards of accounting and financial reporting prescribed for voluntary health and welfare agencies. It uses the accrual basis of accounting, which recognizes revenues when earned and expenses as incurred. Federal, state, and local government and other public grants are recorded as support when performance occurs under the terms of the grant agreement.

The costs of providing the various programs and other activities have been detailed in the Statement of Functional Expenses and summarized on a functional basis in the Statement of Activities. Salaries and other expenses which are associated with a specific program are charged directly to that program. Salaries which benefit more than one program are allocated to the various programs based on employee time spent in each functional area. Other expenses which benefit more than one area are allocated based on the averaged employee time spent in the various cost centers.

Financial Statement Presentation - The financial statement presentation is presented as required by the Section 958, Not for Profit Entities, in the Financial Accounting Standards Board (FASB) Accounting Standards Codification.

Under the Codification, the Early Learning Coalition of Florida's Gateway, Inc., is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restriction, which represents the expendable resources that are

available for operations at management's discretion and net assets with donor restrictions which are restricted by the donor as to purpose or time.

Also, in accordance with the above referenced Codification, contributions received are recorded as without donor restrictions or with donor restrictions depending on the existence of any restrictions.

During the year ending June 30, 2021, all net assets were classified as net assets without donor restrictions.

Promises to Give – Based on FASB Codification 958-605-25, contributions are recognized when the donor makes a promise to give to the Organization, that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in donor restricted net assets depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

During the year ending June 30, 2021, all contributions were recorded as net assets without donor restrictions.

Cash Equivalents - As applicable, cash equivalents consist of short-term, highly liquid investments which are readily convertible into cash within ninety (90) days of purchase. At June 30, 2021, the Organization had no investments, which it considered cash equivalents.

Property and Depreciation - The Organization follows the practice of capitalizing all property and equipment expenditures in excess of \$5,000, at cost, or, if donated, at fair market value. The Organization utilizes straight line depreciation with useful lives ranging from 5-10 years.

Property and equipment are valued at historical cost. Donated property and equipment are valued at estimated fair value at the date of donation. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose.

Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Property and Equipment Acquired by Grants - All property and equipment purchased with funds provided by federal or state funded programs is the property of the federal government or State of Florida. The Coalition uses the property and equipment in its operations and is required to maintain physical control over these assets. The titles to the assets are held by the Organization. Disposition of fixed assets exceeding established amounts requires prior approval by the federal pass-through agency, the State of Florida, Division of Early Learning.

Revenue Recognition - The Organization's primary revenue is derived from annual grants awarded

by the State of Florida, Division of Early Learning. These grant revenues, which are susceptible to accrual, are recognized when they become measurable and available. Other revenues, if any, are recorded on the accrual basis of accounting.

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

Contributions without donor restrictions - The Organization reports contributions with donor restrictions as contributions without donor restrictions when any donor-imposed restrictions are met within the same reporting period in which the contribution is received.

Uncertain Tax Positions – The Organization considered FASB Codification 740-10-50-15. As a result, it determined that the primary tax position of the Organization is its filing status as a tax-exempt entity. In addition, the Organization determined that it is more likely than not that its tax positions would be sustained upon examination by the Internal Revenue Service (IRS).

Prior Year Summarized Comparative Information – The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization’s financial statements for the year ended June 30 of the prior year, from which the summarized information was derived.

Adoption of ASU No. 2014-09 - As of July 1, 2020, the Organization adopted ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, to

1. Remove inconsistencies and weaknesses in revenue requirements.
2. Provide a more robust framework for addressing revenue issues.
3. Improve comparability of revenue recognition practices across entities, industries, jurisdictions, and capital markets.
4. Provide more useful information to users of financial statements through improved disclosure requirements.
5. Simplify the preparation of financial statements by reducing the number of requirements to which an entity must refer.

The majority of the Organization’s revenues come from grants and contributions which are outside the scope of ASC 606. The Organization’s contractual services that fall within the scope of ASC 606 are presented as other contractual. The associated revenues are recognized periodically as the Organization provides the services.

The adoption did not result in significant changes in any financial statement line items in the current or prior comparative period.

NOTE 2. CASH

Cash includes amounts in demand deposits as well as short-term money market investment accounts. Cash in demand deposits is secured by federal depository insurance. There were no

restrictions on the cash balances at June 30, 2021.

At June 30, 2021, the total bank balances were \$1,029,598, of which \$253,050, was covered by the Federal Deposit Insurance Corporation (FDIC). The remaining balance is insured by the Bureau of Collateral Management, Florida Department of Financial Services.

NOTE 3. DUE FROM STATE OF FLORIDA

Due from the State of Florida, consists of amounts owed to the Coalition for child care services provided prior to June 30, 2021. Management considers the amounts fully collectible.

No provision for uncollectible amounts is provided for in the financial statements. All amounts were collected post year end.

Due from the State of Florida consisted of the following:

Federal grants - School Readiness	\$ 821,225
State grants - VPK	<u>39,551</u>
Total	<u>\$ 860,776</u>

NOTE 4. DUE FROM SCHOOL READINESS PROVIDERS

Due to a software upgrade, estimated amounts were paid to school readiness providers throughout the 2018-19 fiscal year. During the 2019-20 fiscal year, the Coalition corrected the estimated amounts and determined the balances that were owed to/by the Coalition and to/by various providers due to the under/overpayments (estimated vs. actual).

The balances were also subjected to review and approval by the Providers.

Upon the documentation, review, and approval of the amounts; the Providers with balances owed to the Coalition agreed to the following terms: 1. a one-time payment 2. six-month repayment plan or 3. coalition approved plan, agreeing to monthly payment amounts.

The amount that remains due from providers at June 30, 2021, is \$133,090.

The Coalition expects the amounts to be repaid and has not recorded an allowance for doubtful provider amounts.

NOTE 5. FIXED ASSETS AND DEPRECIATION

Depreciation of furniture and fixtures, and machinery and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis. In accordance with the Organization's policy, assets costing less than \$5,000 are generally fully expensed in their year of acquisition.

Depreciation expense for the period ended June 30, 2021, was \$8,340.

A summary of the Organization's fixed assets at June 30, 2021, is as follows:

Fixed asset type	Cost	Life
Computer hardware/software	\$ 149,416	5
Office equipment and furniture	6,086	5
Leasehold improvements	34,075	5-10
Vehicles	<u>84,447</u>	5
Total fixed assets	274,024	
Accumulated depreciation	<u>(242,030)</u>	
Net fixed assets	<u>\$ 31,994</u>	

NOTE 6. REVENUE FROM CONTRACTS

The Organization provides educational related services to the University of Florida under Contract SR974. Revenue from the contract is generated in hourly rates of \$125 and \$35 based on online and administrative fees. Revenues are earned upon the provision of the service.

The monthly revenue amounts were as follows:

<u>Month</u>	<u>Revenues</u>
Aug-20 \$	1,225
Sep-20	265
Dec-20	<u>1,030</u>
Total \$	<u><u>2,520</u></u>

No amounts were owed under the above contract at June 30, 2021.

NOTE 7. RETIREMENT

In 2015, the Organization adopted a Safe Harbor 401(k) Plan. Under the plan, the Organization makes an employer matching contribution of up to six percent of an employee's wages. The individual accounts are one-hundred percent vested and are funded on a per-pay-period basis.

For the year ending June 30, 2021, the Organization incurred \$35,794 in retirement expense.

NOTE 8. INCOME TAXES

The Organization has been granted an exemption from income taxes under Internal Revenue Code, Section 501(c)(3), as a nonprofit corporation. As required by Internal Revenue Service regulations, the Organization annually files a Form 990, "Return of Organization Exempt from Income Tax".

No taxes were owed by the Organization for the year ended June 30, 2021.

NOTE 9. CONTINGENCIES

There is a contingent liability due to the fact that all audits/monitoring's have not been completed for the fiscal year ended June 30, 2021. Under provisions of the funding agreements, any expenditure determined not in compliance with grant regulations would be subject to

repayment by the Organization.

The Organization's administration believes that all expenditures were significantly in compliance with grant regulations.

NOTE 10. LEASE COMMITMENT - FACILITIES

The Organization rents administrative offices at 1104 Southwest Main Boulevard in Lake City, Florida, from Tomkins-Brewer Properties, LLC. The lease began in July 2008 and was renewed for an additional five-year period in July 2018 with an option to extend for an additional five-year period.

The lease agreement calls for monthly rental payments of \$5,940 plus \$75 monthly for water/sewer (total monthly payment \$6,015). The minimum rental payments under this noncancelable lease is as follows:

<u>Fiscal Year Ended</u>	<u>Rents</u>	<u>Utilities</u>	<u>Minimum Lease Payments</u>
June 30, 2022	<u>\$ 71,280</u>	<u>\$ 900</u>	<u>\$ 72,180</u>

If exercised, an additional five-year option calls for monthly payments of \$6,465 plus \$75 monthly for water/sewer (total monthly payment \$6,540).

Facility lease costs incurred for the year ending June 30, 2021, totaled \$72,180.

NOTE 11. CONCENTRATION OF CREDIT RISK

Financial instruments which subject the Organization to concentrations of credit risk consist primarily of cash and cash equivalents in a local bank which at times may exceed the FDIC limits. However, because of classification as public funds, any amounts that exceed FDIC coverage are insured through the Bureau of Collateral Management, Division of Treasury, and Department of Financial Services.

The Organization has no policy requiring collateral or other security to support its receivables.

NOTE 12. EXPENSES BY FUNCTION

Expenses by function have been allocated among program and supporting services classifications on the basis of employee time records based on personal activity reports (PARs). Hours by function are entered on a spreadsheet and an average by department (Administrative/finance, Provider Support, and Family Support) is computed. The average by department is totaled by function and multiplied by the total number of employees. The average by employee is used to allocate those costs that are not directly charged. The process is updated on a monthly basis.

The plan was approved by the Florida Division of Early Learning and certified annually.

NOTE 13. CONCENTRATION OF REVENUE SOURCES

Approximately 99% of the Organization's revenues are derived from one state grant contract

which must be renewed annually.

NOTE 14. INVENTORIES

It has consistently been the policy of the Organization to record acquisition of goods and supplies as expenditures at the time of purchase. The amount of such inventory on hand at any one time would be a nominal amount and considered to be immaterial.

NOTE 15. DONATED SERVICES

The Organization also receives contributed services from various individuals. Volunteer services are recorded in accordance with FASB Codification 958-605-25-16 if they: 1 create or enhance nonfinancial assets or 2 require specialized skills and are provided by the individuals possessing those skills, and would typically need to be purchased if not provided by donation.

The contributed services provided to the Organization during the year ending June 30, 2021, did not meet the revenue recognition criteria above and were not recorded.

In addition, the fair market value of the unrecorded donated services has not been estimated.

Volunteer services were provided to all programs.

NOTE 16. QUALITATIVE AND QUANTITATIVE INFORMATION

Qualitative Information

Donor restrictions

The Organization has no responsibility to maintain resources due to donor restrictions at June 30, 2021.

Goals for Maintaining Financial Assets

The Organization's goals for maintaining financial assets are indicated in its Financial Policy and Procedures: "monitor cash flow needs on a weekly basis to eliminate idle funds and to ensure that payment obligations can be met."

Policies for Investing Excess Cash

The Organization's policy for maintaining financial assets is indicated in its Financial Policy and Procedures: "Any funds in excess of two months' anticipated cash flow needs held in the operating checking account shall be transferred into the Organization's money market account."

Contractual Agreements

At June 30, 2021, the Organization had no contractual agreements which would make any financial agreements unavailable to fund general expenses.

Line of Credit

Due to advances provided by the Florida Division of Early Learning, the Organization has not required any short-term funding via a line of credit or other means.

Quantitative Information

Financial assets at year end	\$ 670,499
Grants awarded 2021-22 (See Note 18.)	
EL022 (SR and VPK)	<u>2,212,925</u>
Financial assets/awards available to meet general expenses within one year	<u>\$ 12,883,424</u>

NOTE 17. RECONCILIATION OF OEL CONFIRMED REVENUE TO STATEMENT OF ACTIVITIES BALANCES

The following schedule reconciles the OEL confirmed revenue total to the amount reported on the Coalition's financial statements:

Confirmed revenues per		
OEL Confirmations	\$	13,004,311
Post year end corrections:		
Draws in excess of billings		<u>(289,646)</u>
Net federal and state grant revenues	<u>\$</u>	<u>12,714,665</u>
Per financial statements		
SR	\$	10,429,922
VPK		<u>2,284,743</u>
Total	<u>\$</u>	<u>12,714,665</u>

NOTE 18. RELATED PARTY TRANSACTIONS

The composition of the Coalition's Board of Directors includes seven persons (includes voting and nonvoting members) associated with Pre-K/School Readiness providers who received payments from the Organization during the year ended June 30, 2021.

The amounts paid to the providers are as follows:

<u>Board Member</u>	<u>Daycare Provider</u>	<u>Total Expended</u>
T Boyette	Castle Hill Academy, Inc	\$ 570,162
D Odum *	Columbia County School Board	651,054
A Pinello *	Hamilton County School Board	123,762
S Clark *	Lafayette Co School Board of Public Instruction	107,243
J Fitzpatrick *	Suwannee County School District	317,601
M. Ward	Suwannee Valley 4Cs	111,404
S Rimes *	Union County School Board	254,538

* nonvoting members

The terms of these contracts were substantially the same as for other child care providers.

NOTE 19. SUBSEQUENT EVENTS

The Organization's management has evaluated subsequent events through February 25, 2022, the date which the financial statements were available for issuance and reports the following:

Grant Award

On July 1, 2021, the State of Florida Division of Early Learning awarded the Organization the following grant:

EL022 Grant Amount \$12,212,925

Coronavirus Disease 2019 (COVID-19) – The infectious disease caused by severe acute respiratory syndrome. COVID-19 has resulted in the significant closure and alteration of businesses nation-wide. While the Organization has not closed, the provision of child care has been altered significantly. The Organization is not able to estimate the long-term operational or financial effects that the disease may have.

NOTE 20. RECONCILIATION OF FINANCIAL RECORDS TO SCHOOL READINESS DATA AND REPORTING SYSTEM

During the year ending June 30, 2021, a monthly reconciliation of the Organization's financial records to the statewide School Readiness data and reporting system was generally performed in a timely and satisfactory manner based on the advances awarded and actual payments requested.

COMPLIANCE SECTION

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KENNETH M. DANIELS
CERTIFIED PUBLIC ACCOUNTANT

107 2nd Ave S.E.
Jasper, FL 32052

Phone 386-792-1906
Fax 386-792-1925
kmdepa@windstream.net

**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
Early Learning Coalition of Florida's Gateway, Inc.
Lake City, Florida

I 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 Florida's Gateway, Inc., (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated February 25, 2022.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Early Learning Coalition of Florida's Gateway, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Early Learning Coalition of Florida's Gateway, Inc.'s internal control. Accordingly, I 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, to detect, 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.

My 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 my audit I did

not identify any deficiencies in internal control that I 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 Early Learning Coalition of Florida's Gateway, Inc.'s financial statements are free of material misstatement, I 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 the financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my 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 my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Kenneth M. Daniels
Certified Public Accountant
February 25, 2022

EARLY LEARNING COALITION OF FLORIDA'S GATEWAY, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

For the Fiscal Year Ended June 30, 2021

	Federal Assistance Listing/State CSFA <u>Number</u>	Pass-through Entity Identifying <u>Number</u>	Contract <u>Period</u>	Grant/ Contract <u>Amount</u>	Total Federal/State <u>Expenditures</u>	Provided to <u>Subrecipients</u>	Deferred Revenue <u>6/30/2021</u>
Federal Financial Assistance							
U.S. Department of Health and Human Services passed through Florida's Office of Early Learning							
Temporary Assistance for Needy Families	93.558	EL021	7/1/2020	06/30/21	\$ 1,517,096	\$ 1,350,868	\$ -
Childcare and Development Block Grant *	93.575	EL021	7/1/2020	06/30/21	6,168,583	5,337,442	-
Childcare and Development Block Grant *							
Covid-19 Supplemental CARES Act Funds*	93.575	EL021	7/1/2020	06/30/21	1,076,512	1,076,512	-
Covid-19 Supplemental CRRSA Act Funds*	93.575	EL021	7/1/2020	06/30/21	724,500	724,500	-
Childcare Mandatory and Matching Funds *	93.596	EL021	7/1/2020	06/30/21	2,264,398	1,931,942	-
Total Child Care and Development Fund Cluster					<u>10,233,993</u>	<u>9,070,396</u>	-
Preschool Development Grants	93.434	EL021	7/1/2020	06/30/21	4,578	4,578	-
Social Services Block Grant	93.667	EL021	7/1/2020	06/30/21	4,080	4,080	-
Total federal financial assistance					<u>11,759,747</u>	<u>10,429,922</u>	-
State Financial Assistance							
Florida's Office of Early Learning							
Voluntary Pre-K Education Program	48.108	EL021	7/1/2020	06/30/21	2,617,199	2,284,743	-
Total all assistance					<u>\$ 14,376,946</u>	<u>\$ 12,714,665</u>	<u>\$ -</u>

* Cluster of programs

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards and state financial assistance (the Schedule) includes the federal and state grant/contract activity for the Early Learning Coalition of Florida's Gateway, Inc., under programs of the federal and state governments for the year ended June 30, 2021. 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 State of Florida, Rules of the Auditor General 10.650. Because the Schedule presents only a selected portion of the operations of the Early Learning Coalition of Florida's Gateway, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Early Learning Coalition of Florida's Gateway, Inc.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. When applicable, negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenses in prior years.

Note 3. Indirect Cost Rate

The Early Learning Coalition of Florida's Gateway, Inc., did not elect to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

KENNETH M. DANIELS
CERTIFIED PUBLIC ACCOUNTANT

107 2nd Ave S.E.
Jasper, FL 32052

Phone 386-792-1906
Fax 386-792-1925
kmdepa@windstream.net

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

Independent Auditor's Report

To the Board of Directors of
Early Learning Coalition of Florida's Gateway, Inc.
Lake City, Florida

Report on Compliance for Each Major Federal Program and State Project

I have audited Early Learning Coalition of Florida's Gateway, Inc.'s, compliance with the types of compliance requirements described in the *OMB Compliance Supplement*, and the requirements described in the *Department of Financial Services' State Projects Compliance Supplement*, and the special audit guidance provided by the Florida Division of Early Learning that could have a direct and material effect on each of Early Learning Coalition of Florida's Gateway, Inc.'s, major federal programs and state projects for the year ended June 30, 2021. The Early Learning Coalition of Florida's Gateway, Inc.'s, major federal programs and state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of the Early Learning Coalition of Florida's Gateway, Inc.'s, major federal programs and state projects based on my audit of the types of compliance requirements referred to above. I conducted my 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, Chapter 10.650, *Rules of the Auditor General* and the special audit guidance provided by the Florida Division of

Early Learning require that I 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 Early Learning Coalition of Florida's Gateway Inc.'s, compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major Federal program and State project. However, my audit does not provide a legal determination of the Early Learning Coalition of Florida's Gateway, Inc.'s, compliance.

Opinion on Each Major Federal Program and State Project

In my opinion, the Early Learning Coalition of Florida's Gateway, Inc., complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs and State projects for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of Early Learning Coalition of Florida's Gateway, Inc., is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered the Early Learning Coalition of Florida's Gateway, Inc.'s, internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program or State project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal program and State project and to test and report on internal control over compliance in accordance with the Uniform Guidance, Chapter 10.650 *Rules of the Auditor General*, and the special audit guidance provided by the Florida Division of Early Learning but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of Early Learning Coalition of Florida's Gateway, Inc.'s, internal control over compliance.

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

My 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. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance, Chapter 10.650, *Rules of the Auditor General*, and the special audit guidance provided by the Florida Division of Early Learning. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "Kenneth M. Daniels". The signature is fluid and cursive, with a large initial "K" and "D".

Kenneth M. Daniels
Certified Public Accountant
Jasper, FL
February 25, 2022

**EARLY LEARNING COALITION OF FLORIDA'S GATEWAY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
FEDERAL PROGRAMS AND STATE PROJECTS**

For the Year Ended June 30, 2021

Summary of Auditor's Results

<u>Financial Statements</u>	
Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No
<u>Federal Awards and State Projects</u>	
Internal control over major programs:	
Major weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Types of auditor's report issued on compliance for major Federal programs or State projects:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with CFR 200.516(a) or Chapter 10.656 <i>Rules of the Auditor General</i> ?	No
Identification of major programs:	
<u>Federal Program or Cluster</u>	<u>Federal CDEFA No.</u>
U.S. Department of Health and Human Services	
Temporary Assistance for Needy Families	93.558
Childcare and Development Block Grant (Cluster)	93.575
Childcare Mandatory and Matching Funds (Cluster)	93.596

<u>State Project</u>	<u>State CSFA No.</u>
State of Florida, Division of Early Learning Voluntary Pre-K Education Program	48.108
Dollar threshold used to distinguish between Type A and Type B programs – Federal Programs:	\$750,000
Dollar threshold used to distinguish between Type A and Type B programs – State Programs:	\$685,423
Auditee qualified as low-risk pursuant to the Uniform Guidance (not applicable for State projects)	No

Other Issues

Communications Required by the Division of Early Learning

The Early Learning Coalition of Florida’s Gateway, Inc.,

1. performs a monthly reconciliation of its financial records to the estimated/actual payments provided by the statewide School Readiness data and reporting system,
2. has processes in place to identify and correct errors noted during the monthly reconciliation process.

The Early Learning Coalition of Florida’s Gateway, Inc., financial records and the EFS records of actual payments were reconciled and are in general agreement for the year ending June 30, 2021.

The audit work papers of Kenneth M Daniels CPA PA include documentation that the above tasks were performed. The work papers are available for review by the Division of Early Learning staff at their request.

Summary Schedule of Prior Audit Findings

No Summary Schedule of Prior Audit Findings is required because there were no prior audit findings related to Federal Programs or State Projects (Sections 10.557(3)(e)5. and 10.656(3)(d)5., *Rules of the Auditor General*).

KENNETH M. DANIELS
CERTIFIED PUBLIC ACCOUNTANT

107 2nd Ave S.E.
Jasper, FL 32052

Phone 386-792-1906
Fax 386-792-1925
kmdcpa@windstream.net

MANAGEMENT LETTER

To the Board of Directors of the
Early Learning Coalition of Florida's Gateway, Inc.
Lake City, Florida

Report on the Financial Statements

I have audited the financial statements of the Early Learning Coalition of Florida's Gateway, Inc. as of and for the fiscal year ended June 30, 2021, and have issued my report thereon dated February 25, 2022.

Auditor's Responsibility

I conducted my 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 of Federal Awards* (Uniform Guidance) and Chapter 10.650 *Rules of the Auditor General*.

Other Reporting Requirements

I have issued my Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of 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 the Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated February 25, 2022, should be considered in conjunction with this management letter.

Additional Matters

Section 10.654(1)(e), *Rules of the Auditor General*, requires that I 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. In connection with my audit:

Prior Year Immaterial Audit Findings and Recommendations

2020-001 Cash Reconciliation

Criteria: Accountability for cash is accomplished through the monthly preparation of accurate bank reconciliations. This comparison of cash on hand with the recorded amount is an essential element of internal control.

Condition: The June 2021 bank reconciliation indicated deposits in transit totaling \$12,524 (\$1,350+2,963+5,570+2,641); however, the amounts did not clear on a subsequent bank statement.

Cause: Failure to consider the above amounts for potential correction.

Effect: Possible over-statement of the cash balance and understatement of requested amounts from the Division of Early Learning.

Context: The audit of cash identified the above amounts which had been entered into the accounting system during the period April to June 2021.

Recommendation: Reconcile cash on a monthly basis. All outstanding amounts should be traceable to an identifiable amount on a subsequent statement. If not, the balance should be investigated for adjustment or correction.

Current Year Immaterial Audit Findings and Recommendations

There were no current year findings.

Purpose of this Letter

This 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 State granting agencies, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.



Kenneth M. Daniels, CPA
Certified Public Accountant
February 25, 2022

MANAGEMENT'S RESPONSE

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Early Learning Coalition of Florida's Gateway, Inc.

Serving the counties of: Columbia, Hamilton, Lafayette, Suwannee and Union

1104 SW Main Blvd

Lake City, FL 32025

(386) 752-9770 / Fax: (386) 752-9786

February 25, 2022

RE: Response to Current Year Immaterial Audit Findings

Mr. Daniels:

The following is the Coalition's response to the above referenced finding:

2020-001 Cash Reconciliation

Cash is reconciled on a monthly basis. However, a more detailed review will take place. The reconciliation will be thoroughly examined and those amounts which do not clear will be questioned. Further investigation/adjustments will be performed if required.

The Coalition continuously seeks to improve the quality of its financial information and welcomes any recommendations for improvement.

Sincerely,

A handwritten signature in blue ink, appearing to read "LS", with a long horizontal flourish extending to the right.

LaShone T. Surrency
Executive Director

Funded By:

OFFICE OF



Early Learning

LEARN EARLY. LEARN FOR LIFE.