

EARLY LEARNING COALITION OF PALM BEACH COUNTY, INC.

**Financial Statements
and Supplemental
Information**

**Years Ended
June 30, 2021 and 2020**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Early Learning Coalition of Palm Beach County, Inc.
Boynton Beach, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Early Learning Coalition of Palm Beach County, Inc. (the "Coalition", a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' 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 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 auditors' 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 Early Learning Coalition of Palm Beach County, Inc. as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters*Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and State of Florida Chapter 10.650, *Rules of the Auditor General*, and special audit guidance provided by the Division of Early Learning, 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 January 20, 2022 on our consideration of Early Learning Coalition of Palm Beach County, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Early Learning Coalition of Palm Beach County, 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 Early Learning Coalition of Palm Beach County, Inc.'s internal control over financial reporting and compliance.

Moss, Krusick & Associates, LLC

Winter Park, Florida
January 20, 2022

Early Learning Coalition of Palm Beach County, Inc.

STATEMENTS OF FINANCIAL POSITION

June 30, 2021 and 2020

ASSETS

	2021	2020
Current assets:		
Cash and cash equivalents	\$ 12,678,150	\$ 9,289,098
Grants receivable	7,233,007	13,530,996
Due from providers	2,511,743	3,832,074
Prepaid expenses and other assets	292,329	530,736
Total current assets	22,715,229	27,182,904
Property and equipment, net	5,432	8,315
Total assets	\$ 22,720,661	\$ 27,191,219

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable and accrued expenses	\$ 14,047,344	\$ 13,905,582
Compensated absences	577,071	487,447
Due to providers	369,114	382,751
Due to funders	56,285	83,436
Deferred revenue	6,789,400	11,671,314
Total current liabilities	21,839,214	26,530,530
Net assets:		
Without donor restrictions		
Equity in fixed assets	5,432	8,315
Undesignated	(210,991)	(127,861)
Total net deficit without donor restriction	(205,559)	(119,546)
With donor restriction	1,087,006	780,235
Total net assets	881,447	660,689
Total liabilities and net assets	\$ 22,720,661	\$ 27,191,219

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

Early Learning Coalition of Palm Beach County, Inc.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT			
Grants and contributions:			
Department of Health and Human Services	\$ 3,477,700	\$ -	\$ 3,477,700
Federal / State grant revenue passed through Florida's Division of Early Learning	108,081,087	-	108,081,087
Children's Services Council of Palm Beach County	31,978,450	-	31,978,450
Other grant revenue	1,639,732	-	1,639,732
In-kind revenue	173,922	-	173,922
Program income	38,894	-	38,894
Contribution	1,061	654,500	655,561
Net assets released from restrictions	347,729	(347,729)	-
 Total revenues and support	 145,738,575	 306,771	 146,045,346
EXPENSES			
Program services:			
School Readiness	117,988,156	-	117,988,156
Voluntary Pre-Kindergarten	21,527,203	-	21,527,203
Early Head Start	3,353,962	-	3,353,962
 Total program services	 142,869,321	 -	 142,869,321
Support services:			
General and administrative	2,955,267	-	2,955,267
 Total support services	 2,955,267	 -	 2,955,267
 Total expenses	 145,824,588	 -	 145,824,588
 Increase (decrease) in net assets	 (86,013)	 306,771	 220,758
NET ASSETS AT BEGINNING OF YEAR	(119,546)	780,235	660,689
NET ASSETS AT END OF YEAR	\$ (205,559)	\$ 1,087,006	\$ 881,447

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

Early Learning Coalition of Palm Beach County, Inc.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT			
Grants and contributions:			
Department of Health and Human Services	\$ 3,271,435	\$ -	\$ 3,271,435
Federal / State grant revenue passed through Florida's Office of Early Learning	88,676,881	-	88,676,881
Children's Services Council of Palm Beach County	33,900,591	-	33,900,591
Other grant revenue	968,488	-	968,488
In-kind revenue	173,922	-	173,922
Program income	13,385	-	13,385
Contribution	629	837,100	837,729
Net assets released from restrictions	56,865	(56,865)	-
	127,062,196	780,235	127,842,431
EXPENSES			
Program services:			
School Readiness	92,011,279	-	92,011,279
Voluntary Pre-Kindergarten	28,949,183	-	28,949,183
Early Head Start	3,148,123	-	3,148,123
	124,108,585	-	124,108,585
Support services:			
General and administrative	3,115,720	-	3,115,720
	3,115,720	-	3,115,720
Total expenses	127,224,305	-	127,224,305
Increase (decrease) in net assets	(162,109)	780,235	618,126
NET ASSETS AT BEGINNING OF YEAR	42,563	-	42,563
NET ASSETS AT END OF YEAR	\$ (119,546)	\$ 780,235	\$ 660,689

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

Early Learning Coalition of Palm Beach County, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2021

	Program Services			Total	General and Administrative	Total
	School Readiness	Voluntary Pre-Kindergarten	Early Head Start			
Personnel and related expenses	\$ 8,164,158	\$ 576,254	\$ 1,250,888	\$ 9,991,300	\$ 2,411,412	\$ 12,402,712
Operating expenses						
Professional development	1,063,764	2,193	374,416	1,440,373	13,346	1,453,719
Professional services	314,742	15,440	39,313	369,495	266,802	636,297
Occupancy	396,792	70,188	120,846	587,826	3,797	591,623
Technology hosting and support	208,740	15,894	12,059	236,693	131,018	367,711
Communications	141,791	11,138	1,379	154,308	42,498	196,806
Dues and subscriptions	116,549	19	2,934	119,502	26,707	146,209
Insurance	48,641	3,865	3,833	56,339	29,170	85,509
Office equipment and supplies	35,592	2,805	2,965	41,362	11,778	53,140
Travel	11,397	399	25,499	37,295	3,975	41,270
Equipment rental	17,749	1,400	403	19,552	5,695	25,247
Postage	2,804	213	81	3,098	1,369	4,467
Interest and bank fees	-	-	-	-	3,029	3,029
Depreciation	-	-	-	-	2,883	2,883
Taxes and licenses	-	-	-	-	847	847
Miscellaneous	-	-	-	-	941	941
Total operating expenses	2,358,561	123,554	583,728	3,065,843	543,855	3,609,698
Direct services (Childcare)	107,465,437	20,827,395	1,519,346	129,812,178	-	129,812,178
Total expenses	\$ 117,988,156	\$ 21,527,203	\$ 3,353,962	\$ 142,869,321	\$ 2,955,267	\$ 145,824,588

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

Early Learning Coalition of Palm Beach County, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2020

	Program Services			Total	General and Administrative	Total
	School Readiness	Voluntary Pre-Kindergarten	Early Head Start			
Personnel and related expenses	\$ 7,137,689	\$ 761,461	\$ 1,068,670	\$ 8,967,820	\$ 2,320,561	\$ 11,288,381
Operating expenses						
Professional services	275,131	21,479	53,015	349,625	375,268	724,893
Occupancy	459,332	18,664	57,812	535,808	62,815	598,623
Technology hosting and support	142,431	11,473	24,801	178,705	133,175	311,880
Professional development	85,042	7,059	124,471	216,572	40,654	257,226
Communications	117,842	10,106	8,530	136,478	55,061	191,539
Office equipment and supplies	108,689	1,791	7,893	118,373	21,934	140,307
Dues and subscriptions	91,000	-	6,751	97,751	27,077	124,828
Travel	45,754	1,981	41,546	89,281	20,331	109,612
Insurance	41,055	3,634	4,874	49,563	26,532	76,095
Equipment rental	31,470	2,739	1,896	36,105	14,673	50,778
Interest and bank fees	-	-	-	-	11,586	11,586
Postage	3,711	299	196	4,206	1,953	6,159
Depreciation	-	-	-	-	2,979	2,979
Taxes and licenses	-	-	-	-	1,121	1,121
Total operating expenses	1,401,457	79,225	331,785	1,812,467	795,159	2,607,626
Direct services (Childcare)	83,472,133	28,108,497	1,747,668	113,328,298	-	113,328,298
Total expenses	\$ 92,011,279	\$ 28,949,183	\$ 3,148,123	\$ 124,108,585	\$ 3,115,720	\$ 127,224,305

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

Early Learning Coalition of Palm Beach County, Inc.

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 220,758	\$ 618,126
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	2,883	2,979
Decrease (increase) in assets:		
Contracts and grants receivable	6,297,989	(2,342,695)
Prepaid expenses and other assets	238,407	(176,508)
Due from providers	1,320,331	1,314,123
Increase (decrease) in liabilities:		
Accounts payable	141,762	6,489,362
Compensated absences	89,624	154,434
Due to providers	(13,637)	(844,438)
Due to funders	(27,151)	(26,533)
Deferred revenue	<u>(4,881,914)</u>	<u>4,160,937</u>
Net cash provided by operating activities	<u>3,389,052</u>	<u>9,349,787</u>
CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES		
Payments on line of credit	<u>-</u>	<u>(1,500,000)</u>
Net increase in cash and cash equivalents	3,389,052	7,849,787
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>9,289,098</u>	<u>1,439,311</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 12,678,150</u>	<u>\$ 9,289,098</u>

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

Early Learning Coalition of Palm Beach County, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

Organization and Purpose

Early Learning Coalition of Palm Beach County, Inc. (the "Coalition") was organized as a not-for-profit corporation under the laws of the State of Florida on December 31, 1999, for the purpose of implementing School Readiness Programs in Palm Beach County, Florida. The Coalition accomplishes its purpose through implementation of comprehensive programs and services that enhance the cognitive, social, and physical development of children. On March 7, 2005, the Coalition changed its name from the Palm Beach County School Readiness Coalition, Inc. to the Early Learning Coalition of Palm Beach County, Inc. to more accurately reflect the Coalition's expanded responsibilities regarding the Voluntary Pre-Kindergarten (VPK) program.

Although the Coalition has a variety of goals and objectives, all of its goals and objectives relate to the Coalition's two primary programs, School Readiness and VPK. Both of these programs share the following goals: preparation of children for kindergarten, provision of child care to meet the needs of children and parents, and development and training of child care providers.

Basis of Accounting

The accompanying financial statements and accompanying schedules have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Coalition reports information regarding its financial position and activities according to two classes of net assets as follows:

Net Assets Without Donor Restrictions

Net assets without donor restrictions are available for use at the discretion of the Board and/or management for general operating purposes. From time to time, the Board designates a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion.

Net Assets With Donor Restrictions

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed restrictions, time and/or purpose restrictions.

The Coalition reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the statements of activities as net assets released from restrictions.

Some net assets with donor restrictions may include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the Coalition to expend the income generated by the assets in accordance with the provisions of additional donor imposed stipulations or a Board approved spending policy.

Early Learning Coalition of Palm Beach County, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE A – SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

The Coalition's cash and cash equivalents include amounts on deposit in checking, money market and sweep accounts with financial institutions. For purposes of the cash flows statements, the Coalition considers all highly-liquid investments with an original maturity of three months or less when purchased to be cash equivalents. The Coalition maintains its cash in high quality financial institutions which at times, may exceed federally insured limits. The Coalition has not experienced any losses in such accounts and does not believe its cash accounts are exposed to any significant credit risk. Deposits with financial institutions exceeded federal deposit insurance by \$14,148,262 and \$9,232,622 at June 30, 2021 and 2020, respectively.

Grants Receivable

Grants receivable represent uncollected reimbursement requests presented to Florida's Division of Early Learning ("FDEL"), Children's Services Council of Palm Beach County, Inc. ("CSC"), and other funding sources for payment. Management believes the entire balance is collectible based on amounts collected to date and prior collection history. Therefore, no allowance for potentially uncollectible grants receivable is provided.

Prepaid Expense and Other Assets

Payments for expenses extending over more than one accounting period are accounted for as prepaid expenses and allocated between accounting periods.

Property and Equipment

Property and equipment over \$5,000 is capitalized and stated at cost if purchased. Donations of property and equipment are recorded as support at their estimated fair value when received. Such donations are reported as unrestricted support 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 restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Coalition reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Coalition received no donations of property and equipment in 2021 and 2020. Property and equipment is depreciated using the straight-line method over the estimated useful life of the asset, generally three to seven years.

Deferred Revenue

Deferred revenue represents grant funds received from FDEL and CSC in advance of allowable expenditures being incurred.

Early Learning Coalition of Palm Beach County, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE A – SIGNIFICANT ACCOUNTING POLICIES (continued)

Compensated Absences

The Coalition accrues unused vacation and sick time when earned by employees in accordance with Coalition policy. Employees of the Coalition may accumulate up to 120 hours of unused vacation leave. Hours in excess of the 120 hour limit at the end of the fiscal year are forfeited. Accumulated vacation is payable to employees with six months or more of continuous employment at the employee's regular rate of pay at the time of separation. A portion of accumulated sick leave is payable to an employee in good standing upon separation using a payout percentage of 25-50% based on the number of years in service.

Due to Funders

Due to funders consists of School Readiness restitution payments received from fraudulent cases, direct service (slot) credit adjustments and other adjustments which are owed back to grant funders. Amounts due to FDEL and CSC were \$56,285 and \$83,436 at June 30, 2021 and 2020, respectively.

Grant Funding and Revenue Recognition

The Coalition follows issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (ASC 606), which outlines a five-step model whereby revenue is recognized as performance obligations within a contract are satisfied, and ASU 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASC 958), which clarifies how transactions should be accounted for as contributions (nonreciprocal transactions) or exchange transactions and whether a contribution is conditional.

The Coalition's support consists primarily of funds received from the Federal and State governments, which are passed through FDEL. Revenues are earned as allowable grant costs are incurred. The continued existence of the programs administered by the Coalition is dependent upon the continued support received from these grants.

Government grants are subject to annual renewal and periodic amendment and require the fulfillment of certain conditions as set forth in each agreement. Amounts received or receivable from grantor agencies are subject to audit by those agencies and any disallowed expenses, including amounts already received, might constitute a liability of the Coalition for return of those funds. Management believes that the Coalition has met all requirements and objectives of the grantor agencies and considers it unlikely that any material amount of funds would be returned.

In-Kind Contributions

In-kind contributions are recognized as revenue in the period received at their fair value. During the fiscal years ended June 30, 2021 and 2020, in-kind contributions totaled \$173,922, of which CSC contributed \$173,922 for office space to the Coalition for each year. These amounts are included in the accompanying statements of activities as in-kind revenue and general and administrative expenses.

Early Learning Coalition of Palm Beach County, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE A – SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional Expenses

All expenses are directly identified with the program or supporting service to which they relate and are charged accordingly. The functional expense classifications are identified in the statement of activities as program or support services.

Fair Value of Financial Instruments

FASB ASC 820, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value that provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The fair value measurement of an asset or liability within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The Coalition had no financial assets or liabilities at June 30, 2021 and 2020 that were measured at fair value on a recurring basis under FASB ASC 820.

Income Taxes

The Coalition is a nonprofit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Coalition is classified as a publicly supported organization other than a private foundation under Section 509(a) of the Code.

The Coalition evaluates its uncertain tax positions in accordance with FASB ASC 740, *Income Taxes*, which states that management's determination of the taxable status of an entity, including its status as a tax exempt entity, is a tax position subject to the standards required for accounting for uncertainty in income taxes. Management does not believe that the Coalition has any significant uncertain tax positions that would be material to the financial statements.

The Coalition's tax returns for tax years 2018 to 2021 are subject to examination by the Internal Revenue Service, generally for a period of three years after they were filed.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Accordingly, actual results could differ from the estimates that were used.

Early Learning Coalition of Palm Beach County, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE A – SIGNIFICANT ACCOUNTING POLICIES (continued)

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases*, that requires lessees to put most leases on their balance sheets and recognize expenses on their income statements in a manner similar to today's capital lease accounting. For lessors, the guidance modifies the classification criteria for accounting for sales-type and direct financing leases. The new guidance is effective for fiscal years beginning after December 15, 2021. Early adoption is permitted. The Coalition is evaluating the potential effects ASU 2016-02 will have on its financial statements.

Subsequent Events

The Coalition has evaluated subsequent events through January 20, 2022, which is the date the financial statements were available to be issued.

NOTE B – GRANTS RECEIVABLE

Grants receivable consisted of the following at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Florida's Division of Early Learning	\$ 4,255,573	\$ 8,448,706
Children's Services Council of Palm Beach County	1,922,174	4,566,948
Department of Health and Human Services	858,649	281,213
School District of Palm Beach County	130,949	126,934
Other	65,662	100,971
Florida Department of Children and Family	<u>-</u>	<u>6,224</u>
Total	<u>\$ 7,233,007</u>	<u>\$ 13,530,996</u>

NOTE C – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Computer and office equipment	\$ 18,519	\$ 19,402
Less: accumulated depreciation	<u>(13,087)</u>	<u>(11,087)</u>
Total	<u>\$ 5,432</u>	<u>\$ 8,315</u>

Depreciation expense was \$2,883 and \$2,979 for the years ended June 30, 2021 and 2020, respectively.

Early Learning Coalition of Palm Beach County, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE D – LINE OF CREDIT

The Coalition had a \$1,500,000 line of credit at June 30, 2014 which was increased to \$4,500,000 in November 2018 and increased to \$5,500,000 in January 2020. The line of credit has a variable interest rate equal to the Wall Street Journal Prime Rate Index (3.25% at June 30, 2021). The line of credit had a \$0 balance for the fiscal years ending June 30, 2021 and 2020. The Coalition has pledged its inventory, equipment, chattel paper, instruments, deposits, and other assets as defined in the collateral agreement. The pledged equipment does not include equipment purchased with Federal or State grant funds. The line of credit is payable immediately upon the Lender's demand.

NOTE E – NET ASSETS

Without Donor Restrictions

The Coalition's net assets without donor restrictions is comprised of undesignated and equity in fixed assets at June 30:

	<u>2021</u>	<u>2020</u>
Undesignated	\$ (210,991)	\$ (127,861)
Equity in fixed assets	<u>5,432</u>	<u>8,315</u>
Total net assets without donor restrictions	<u>\$ (205,559)</u>	<u>\$ (119,546)</u>

Undesignated

Net assets without donor restrictions are considered as undesignated and used at the discretion of the Board and/or management for general operating purposes. Expenditures from the years ended June 30, 2021 and 2020, are included in the statement of functional expenses.

With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes as of June 30:

	<u>2021</u>	<u>2020</u>
Quality Programs	\$ 962,244	\$ 518,468
Emergency/Pandemic Support	<u>124,762</u>	<u>261,767</u>
Total net assets with donor restrictions	<u>\$ 1,087,006</u>	<u>\$ 780,235</u>

Net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors during the year ended June 30 as follows:

	<u>2021</u>	<u>2020</u>
Purpose	\$ 347,729	\$ 56,865
Net assets released from restrictions	<u>\$ 347,729</u>	<u>\$ 56,865</u>

Early Learning Coalition of Palm Beach County, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE F – FEDERAL AND STATE GRANT REVENUE

The Coalition enters into an annual grant agreement with Florida's Division of Early Learning ("FDEL") for implementation of early learning programs including Voluntary Pre-Kindergarten Education Programs ("VPK") and School Readiness ("SR") Programs. The grant agreement with FDEL is for the fiscal year July 1st through June 30th and may be renewed on an annual basis at FDEL's discretion. The Coalition received approximately 74% and 70% of its total support for the years ended June 30, 2021 and 2020, respectively, from Federal and State grant funding through the annual contracts with FDEL.

For the fiscal year ended June 30, 2021, the FDEL allocation to the VPK Program was approximately \$21.7 million and the SR Program was approximately \$86.4 million and required a local match of \$8,523,552 which was provided by the Coalition from local funding sources. For the fiscal year ended June 30, 2020, the allocation to the VPK Program was approximately \$29.3 million and the SR Program was approximately \$60.3 million and required a local match of \$7,072,210, which was provided by the Coalition from local funding sources.

NOTE G – OTHER GRANT REVENUE

Other grant revenue consisted of the following for the years ended June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
School District of Palm Beach County	\$ 134,597	\$ 292,858
Palm Beach County	900,000	-
Other local matching funds	377,104	463,353
Other local funding	<u>228,031</u>	<u>212,277</u>
Total	<u>\$ 1,639,732</u>	<u>\$ 968,488</u>

NOTE H – RELATED PARTY TRANSACTIONS

The Coalition's Board of Directors is required by Florida statutes to include individuals representing certain public and private organizations. Consequently, the Coalition's Board of Directors includes representatives from funding organizations and organizations that receive funds directly and indirectly through the Coalition.

The Coalition's Board, pursuant to enabling legislation, includes one voting representative from CSC and the School District of Palm Beach County (the "District"), both of which provided funding to the Coalition. For the years ended June 30, 2021 and 2020, the Coalition received revenue of \$31,978,450 and \$33,900,591, respectively, from CSC and \$134,597 and \$292,858, respectively, from the District. Grants receivable from related parties are summarized in Note B.

Early Learning Coalition of Palm Beach County, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE H – RELATED PARTY TRANSACTIONS (continued)

The Coalition's Board also includes one voting representative from the Head Start Program and two child care providers. Coalition Board members are prohibited by Florida Statutes and Board policy from voting on any matter that affects the Coalition's funding of their respective organization or otherwise presents a conflict of their respective organization or otherwise present a conflict of interest.

NOTE I – DEFERRED COMPENSATION PLAN

Coalition employees may participate in a deferred compensation plan adopted under the provisions of Internal Revenue Code Section 403(b) (a tax deferred annuity plan for tax-exempt organizations). The deferred compensation plan is available to all employees of the Coalition. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or an unforeseeable emergency. Teachers Insurance and Annuity Association - College Retirement Equities Fund (TIAA-CREF) administers the deferred compensation plan. The Coalition does not contribute to the plan.

NOTE J – DEFINED CONTRIBUTION PENSION PLAN

The Coalition's Retirement Plan (the "Plan") is a single employer defined contribution pension plan established by the Coalition to provide retirement and death benefits to employees. The Plan is administered by TIAA-CREF. In a defined contribution plan, the pension benefits a participant will receive depend only on the amount contributed to the participant's account and earnings on investments. Under the terms of the Plan agreement, all forfeitures are used to reduce the employer's contributions. Employees are eligible to participate in the Plan after attaining age 21 and completing one year of service. Employees vest 20% per year in employer contributions and are fully vested after five years of credited services.

For employees eligible for the Plan before August 1, 2014, the Coalition contributes 13% of compensation during year one through ten, after which the contribution percentage increases to 15%. For employees eligible for the plan after August 1, 2014, the Coalition contributes 5%, plus an additional discretionary matching contribution. For the fiscal years ended June 30, 2021 and 2020, the discretionary matching contribution percentage was an additional 5%. Plan provisions and contribution requirements are established by and may be amended by the Coalition's Board of Directors. The employer contributions for the years ended June 30, 2021 and 2020, were \$743,901 and \$544,321, respectively, which was equal to the required contribution amount.

Early Learning Coalition of Palm Beach County, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE K – FUNCTIONAL EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated on the basis of time and effort recorded bi-weekly include personnel and related expenses, professional services, office equipment and supplies, occupancy, professional development, technology hosting and support, communications, dues and subscriptions, travel, insurance, equipment, postage, miscellaneous. Direct Services (childcare) are directly identified by client eligibility.

NOTE L – COMMITMENTS

Operating Leases

The Coalition has various non-cancelable operating leases for office space, equipment and service contracts with varying terms ranging from three to five years payable through March 2024. Rental, service contracts and related commitments total approximately \$26,000 monthly. Expense under these non-cancellable leases was approximately \$276,000 and \$454,000 for the years ended June 30, 2021 and 2020, respectively.

The remaining payments due under these leases are as follows at June 30, 2021:

<u>Years Ending</u> <u>June 30,</u>	<u>Amount</u>
2022	\$ 251,000
2023	154,000
2024	107,000
2025	<u>2,000</u>
Total	<u>\$ 514,000</u>

Early Learning Coalition of Palm Beach County, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE M – LIQUIDITY AND AVAILABILITY OF RESOURCES

As of June 30, 2021 and 2020, financial assets and liquidity resources available within one year of the statement of financial position date for general expenditures are as follows:

	<u>2021</u>	<u>2020</u>
Financial assets:		
Cash and cash equivalents	\$ 12,678,150	\$ 9,289,098
Grant receivables	7,233,007	13,530,996
Due from providers	<u>2,511,743</u>	<u>3,832,074</u>
Total financial assets available within one year	22,422,900	26,652,168
Liquidity resources:		
Line of credit available borrowings	<u>5,500,000</u>	<u>5,500,000</u>
Net financial assets and liquidity resources available within one year	<u>\$ 27,922,900</u>	<u>\$ 32,152,168</u>

NOTE N – RISKS AND UNCERTAINTY

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Coalition's financial condition, liquidity, and future results of operations. Management is actively monitoring the pandemic.

SUPPLEMENTAL INFORMATION



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

To the Board of Directors of
Early Learning Coalition of Palm Beach County, Inc.
Boynton Beach, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Early Learning Coalition of Palm Beach 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 and changes in net assets, 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 January 20, 2022.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Early Learning Coalition of Palm Beach County, Inc.'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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Moss, Krusick & Associates, LLC

Winter Park, Florida
January 20, 2022

Early Learning Coalition of Palm Beach County, Inc.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

For the Year Ended June 30, 2021

<u>Grantor/Program Title</u>	<u>ALN/ CSFA</u>	<u>Award Number</u>	<u>Expenditures</u>
Federal Awards:			
U.S. Department of Health and Human Services			
Direct Award			
Head Start	93.600	04HP000217-02	\$ 1,882,864
Head Start	93.600	04HP000149-02	1,264,716
Head Start	93.600	04HP000149-03	<u>330,120</u>
			3,477,700
Pass-through from Florida's Division of Early Learning			
Temporary Assistance for Needy Families	93.558	EL391	5,343,249
Social Services Block Grant	93.667	EL391	34,596
Preschool Development Grant	93.434	EL391	475,520
Child Care Development Fund (CCDF) Cluster			
Child Care and Development Block Grant	93.575	EL391	34,925,812
Child Care and Development Block Grant - CARES	93.575	EL391	17,561,680
Child Care Mandatory and Matching Funds			
of the Child Care and Development Fund	93.596	EL391	<u>15,953,998</u>
Total Child Care Development Fund (CCDF) Cluster			<u>68,441,490</u>
Total Pass-through from Florida's Division of Early Learning			<u>74,294,855</u>
Total U.S. Department of Health and Human Services			<u>77,772,555</u>
Pass-through from Career Source Palm Beach County			
WIA/WIOA Adult Program	17.258	V20-001	110,915
WIA/WIOA Youth Activities	17.259	V20-001	<u>8,569</u>
Total Pass-through from Career Source Palm Beach County			<u>119,484</u>
Pass-through from Department of Children and Families			
Refugee Entrant Assistance	93.566	XK046	<u>9,600</u>
Total Expenditures of Federal Awards			<u>\$ 77,901,639</u>
State Financial Assistance:			
Florida Department of Education			
Pass-through from Florida's Division of Early Learning			
Voluntary Pre-Kindergarten Education Program	48.108	EL391	\$ 21,547,777
Voluntary Pre-Kindergarten Outreach and Awareness	48.108	OA391	<u>31,409</u>
Total Florida Department of Education			<u>21,579,186</u>
Total Expenditures of State Financial Assistance			<u>\$ 21,579,186</u>
Total Expenditures of Federal Awards and State Financial Assistance			<u>\$ 99,480,825</u>

Early Learning Coalition of Palm Beach County, Inc.

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

June 30, 2021

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance (the "Schedule") includes the Federal grant and State financial assistance project activity of Early Learning Coalition of Palm Beach County, Inc. (the "Coalition") under programs of the federal government and the State of Florida for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles*, and Audit Requirements for Federal Awards and the State of Florida Chapter 10.650, *Rules of the Auditor General*. Because the Schedule presents only a selected portion of the operations of the Coalition, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Coalition.

NOTE B – 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 and cost principles established by the State of Florida Department of Financial Services, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers (contract or grant number) are presented where available.

NOTE C – MATCHING REQUIREMENTS

Contract EL391 with Florida's Division of Early Learning ("FDEL") includes \$7,725,777 of State funding that is designated as matching funds for certain Federal awards. The FDEL matching funds are not reported as Federal awards in the accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance, nor are the FDEL matching funds subject to the Florida Single Audit Act since they are not considered State Financial Assistance under the Florida Single Audit Act. For audit testing purposes, the funds are included with the Federal award programs for which they are designated as matching. The amounts designated as matching funds for Federal award programs are summarized as follows:

<u>ALN Number</u>	<u>Amount</u>
93.596	\$ 1,047,266
93.558	<u>6,678,511</u>
Total	<u>\$ 7,725,777</u>

The Coalition is required to provide a local match for certain Federal and State funds received through FDEL. For the year ended June 30, 2021, the Coalition's total required local match was \$8,523,552 and the local matching funds provided by the Coalition totaled \$8,523,552.

Early Learning Coalition of Palm Beach County, Inc.

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

June 30, 2021

NOTE D – CONTINGENCY

Amounts received or receivable from grantor agencies are subject to audit and adjustment by those agencies, principally the Federal government and the State of Florida. Any disallowed claims, including amounts already received, might constitute a liability of the Coalition for the return of those funds. In the opinion of management, all grant expenditures were in compliance with the terms of the grant agreements and applicable Federal and State laws and regulations.

NOTE E – INDIRECT COST RATES

The Coalition has elected to not use the 10% de minimis indirect cost rate for its federal programs and state projects for the year ended June 30, 2021.



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

To the Board of Directors of
Early Learning Coalition of Palm Beach County, Inc.
Boynton Beach, Florida

Report on Compliance for Each Major Federal Program and State Project

We have audited Early Learning Coalition of Palm Beach County, 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 special audit guidance provided by the Division of Early Learning that could have a direct and material effect on each of Early Learning Coalition of Palm Beach County, Inc.'s major federal programs and state projects for the year ended June 30, 2021. Early Learning Coalition of Palm Beach County, Inc.'s major federal programs and state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Early Learning Coalition of Palm Beach County, Inc.'s major federal programs and state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); Chapter 10.650, *Rules of the Auditor General*, and special audit guidance provided by the Division of Early Learning. Those standards; the Uniform Guidance, and Chapter 10.650, *Rules of the Auditor General*, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about Early Learning Coalition of Palm Beach County, Inc.'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 Early Learning Coalition of Palm Beach County, Inc.'s compliance.

Opinion on Each Major Federal Program and State Project

In our opinion, Early Learning Coalition of Palm Beach County, 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 program and state project for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of Early Learning Coalition of Palm Beach County, 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 our audit of compliance, we considered Early Learning Coalition of Palm Beach County, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state project and to test and report on internal control over compliance in accordance with the Uniform Guidance, and Chapter 10.650, *Rules of the Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Early Learning Coalition of Palm Beach County, 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.

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

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

Moss, Krusick & Associates, LLC

Winter Park, Florida
January 20, 2022

Early Learning Coalition of Palm Beach County, Inc.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
Year Ended June 30, 2021

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

- | | |
|---|--------------------|
| 1. Type of auditors’ report issued: | Unmodified Opinion |
| 2. Internal control over financial reporting: | |
| a. Material weakness(es) identified? | No |
| b. Significant deficiencies identified that are not considered to be material weaknesses? | None Reported |
| 3. Noncompliance material to financial statements noted? | No |

Federal Awards Programs and State Financial Assistance Projects

- | | |
|---|--------------------|
| 1. Internal control over major Federal Award Programs and State Financial Assistance Projects: | |
| Material weakness(es) identified? | No |
| Significant deficiencies identified that are not considered to be material weaknesses? | None Reported |
| 2. Type of auditors’ report issued on compliance for major Federal Award Programs and State Financial Assistance Projects programs: | Unmodified Opinion |
| 3. Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance? | No |
| 4. Any audit findings disclosed that are required to be Reported in accordance with chapter 10.650, Rules of the Audit General? | No |

Identification of Major Programs

- | <u>Major Federal Award Programs and Clusters</u> | <u>ALN Number</u> |
|--|--------------------------|
| 1. U.S. Department of Health and Human Services
Pass-through from Florida’s Division of Early Learning
Temporary Assistance or Needy Families (TANF)
Child Care Development Fund (CCDF) Cluster | 93.558
93.575, 93.596 |
| 2. Dollar threshold used to distinguish between Type A and Type B programs: | \$ 2,337,049 |
| 3. Auditee qualified as low-risk auditee? | Yes |

Early Learning Coalition of Palm Beach County, Inc.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
Year Ended June 30, 2021

SECTION I – SUMMARY OF AUDITORS’ RESULTS (continued)

<u>Major State Financial Assistance Project</u>	<u>State CSFA Number</u>
1. Florida Department of Education Pass-through from Florida’s Division of Early Learning Voluntary Pre-Kindergarten Education Program	48.108
2. Dollar threshold used to distinguish between Type A and Type B programs:	\$ 647,376

SECTION II – ENHANCED FIELDS SYSTEM MODERNIZATION (EFS MOD) MONTHLY RECONCILIATION

1. EFS Mod reconciled monthly	Yes
2. Processes in place to identify and correct errors during monthly reconciliations to EFS Mod	Yes
3. Coalition’s financial records reconcile and agree to EFS Mod records as of program year ended June 30, 2021	Yes
4. Audit work papers documenting verification of reconciliations available to OEL staff	Yes

SECTION III – FINANCIAL STATEMENT FINDINGS

No current year findings (no corrective action plan or management letter required)

**SECTION IV – FEDERAL AWARD PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS
FINDINGS AND QUESTIONED COSTS**

There were no current year audit findings.

SECTION V – STATUS OF PRIOR YEAR AUDIT FINDINGS

There were no prior year audit findings.



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MANAGEMENT LETTER

To the Board of Directors of
Early Learning Coalition of Palm Beach County, Inc.
Boynton Beach, Florida

Report on Financial Statements

We have audited the financial statements of Early Learning Coalition of Palm Beach County, Inc. (the "Coalition") as of and for the fiscal year ended June 30, 2021 and have issued our report thereon January 20, 2022.

Auditors' 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 of Federal Awards* (Uniform Guidance); and Chapter 10.650, *Rules of the Auditor General*.

Other Reports and Requirements

We have issued our Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditors' 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. Disclosures in those reports and schedule, which are dated January 20, 2022, should be considered in conjunction with this management letter.

Additional Matters

Section 10.654(1)(e), Rules of the Auditor General, requires us to 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 or State project amounts that is less than material but 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.

Moss, Krusick & Associates, LLC

Winter Park, Florida
January 20, 2022