

2021

Early Learning Coalition of the Nature Coast, Inc.

Financial Statements
and Independent Auditor's Report

June 30, 2021

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

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

JUNE 30, 2021

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Early Learning Coalition of the Nature Coast, Inc. (the Coalition), a non-profit organization, which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

Opinion

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

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 Chapter 10.650, *Rules of the Auditor General*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2022, on our consideration of the Coalition's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Coalition's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Coalition's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited the Coalition's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 26, 2021. In our 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 audited financial statements from which it has been derived.



March 31, 2022
Ocala, Florida

STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021,
WITH COMPARATIVE TOTALS FOR JUNE 30, 2020
EARLY LEARNING COALITION OF THE NATURE COAST, INC.
CRYSTAL RIVER, FLORIDA

ASSETS

	2021	2020
Current Assets		
Cash and Cash Equivalents	\$ 1,532,993	\$ 1,040,187
Grants Receivable	315,074	321,024
Prepaid Expenses	19,339	28,346
Deposits	8,419	9,409
Total Current Assets	1,875,825	1,398,966

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts Payable	1,509,325	989,069
Accrued Payroll and Related Expenses	95,956	78,059
Compensated Absences	105,156	84,255
Total Current Liabilities	1,710,437	1,151,383
Net Assets		
Without Donor Restrictions	165,388	247,583
Total Net Assets	165,388	247,583
Total Liabilities and Net Assets	\$ 1,875,825	\$ 1,398,966

See accompanying notes.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021,
WITH COMPARATIVE TOTALS FOR JUNE 30, 2020
EARLY LEARNING COALITION OF THE NATURE COAST, INC.
CRYSTAL RIVER, FLORIDA

	2021	2020
Unrestricted Net Assets		
Operating Revenues		
Office of Early Learning Grant/Contract:		
School Readiness Program	\$ 13,616,089	\$ 10,223,537
Voluntary Pre-Kindergarten Program	3,619,873	4,584,466
Voluntary Pre-Kindergarten Outreach and Awareness Grant	4,603	3,376
Preschool Development Program	12,862	32,794
Other Program Revenues	1,507	57,265
Total Operating Revenues	17,254,934	14,901,438
Operating Expenses		
Program Services:		
School Readiness Program	13,215,256	9,831,632
Voluntary Pre-Kindergarten Program	3,494,219	4,416,911
Voluntary Pre-Kindergarten Outreach and Awareness	4,603	3,376
Child Passenger Safety	-	4,422
General and Administrative	623,051	601,101
(Total Operating Expenses)	(17,337,129)	(14,857,442)
(Decrease) Increase in Assets Without Donor Restrictions	(82,195)	43,996
Net Assets, Beginning of Year	247,583	203,587
Net Assets, End of Year	\$ 165,388	\$ 247,583

See accompanying notes.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021,
WITH COMPARATIVE TOTALS FOR JUNE 30, 2020
EARLY LEARNING COALITION OF THE NATURE COAST, INC.
CRYSTAL RIVER, FLORIDA**

	Program Services				2021 Total	2020 Total
	Voluntary Pre- Kindergarten			General and Administrative		
	School Readiness Program	Voluntary Pre- Kindergarten Program	Outreach and Awareness			
Functional Expenses						
Contracted Children Services	\$ 8,955,200	\$ 3,494,219	\$ -	\$ -	\$ 12,449,419	\$ 12,490,848
Provider Grants	2,747,545	-	-	-	2,747,545	165,950
Advertising	6,818	-	-	752	7,570	6,809
Salaries and Benefits	1,123,494	-	4,603	506,826	1,634,923	1,538,116
Professional Fees	-	-	-	24,232	24,232	30,104
Staff Development and Training	844	-	-	11,509	12,353	31,634
Quality Development	209,466	-	-	-	209,466	6,446
Insurance	1,595	-	-	5,426	7,021	7,630
Internet/Computer Expense	39,115	-	-	17,766	56,881	22,486
Office Lease	47,370	-	-	19,985	67,355	95,911
Office Supplies	5,838	-	-	2,686	8,524	9,269
Publications	-	-	-	7,419	7,419	3,074
Telephone	32,073	-	-	14,173	46,246	20,950
Travel	2,641	-	-	1,258	3,899	19,708
Depreciation	-	-	-	-	-	-
Printing and Postage	599	-	-	457	1,056	3,419
Utilities	8,305	-	-	3,602	11,907	19,125
Small Equipment	6,720	-	-	2,856	9,576	20,205
Maintenance	7,251	-	-	3,206	10,457	16,551
Other Miscellaneous	20,382	-	-	898	21,280	349,207
Total Functional Expenses	\$ 13,215,256	\$ 3,494,219	\$ 4,603	\$ 623,051	\$ 17,337,129	\$ 14,857,442

See accompanying notes.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021,
WITH COMPARATIVE TOTALS FOR JUNE 30, 2020
EARLY LEARNING COALITION OF THE NATURE COAST, INC.
CRYSTAL RIVER, FLORIDA

	2021	2020
Cash Flows from Operating Activities		
Support and Revenue Collected:		
Contract and Grant Fees	\$ 17,269,891	\$ 14,753,243
Payments for Expenses:		
Vendors and Suppliers	(15,163,063)	(13,166,961)
Employees	(1,614,022)	(1,528,679)
Net Cash Provided by Operating Activities	492,806	57,603
Net Increase in Cash and Cash Equivalents	492,806	57,603
Cash and Cash Equivalents, Beginning of Year	1,040,187	982,584
Cash and Cash Equivalents, End of Year	\$ 1,532,993	\$ 1,040,187
 <u>Reconciliation of Change in Net Assets to Net Cash</u>		
<u>Provided by (Used in) Operating Activities</u>		
Increase (Decrease) in Net Assets	\$ (82,195)	\$ 43,996
Reconciling Adjustments:		
Increase (Decrease) in Operating Assets:		
Grants Receivable	5,950	(139,904)
Prepaid Expenses	9,007	(8,291)
Deposits	990	-
Increase (Decrease) in Operating Liabilities:		
Accounts Payable and Accrued Expenses	559,054	161,802
Net Cash Provided by Operating Activities	\$ 492,806	\$ 57,603

See accompanying notes.

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

Note 1 - Summary of Significant Accounting Policies

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

Reporting Entity

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

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

Programs Operated

The Coalition operates the following programs:

■ **School Readiness Program**

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

■ **Voluntary Pre-Kindergarten Program**

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

Basis of Accounting

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

Financial Statement Presentation

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

■ **Without Donor Restrictions**

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

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

■ **With Donor Restrictions**

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

Revenues

Revenues from federal and state grants and contracts are recorded based upon terms of the grantor allotment, which generally provide that revenues are earned when the allowable costs of the specific grant provisions have been incurred. Revenues are subject to audit by the grantor and, if the examination results in a disallowance of any expenditure, repayment could be required. Management believes that all monies have been earned as of June 30, 2021. For the year ended June 30, 2021, 99% of the Coalition's revenues are from one funding agency.

Functional Cost Allocation

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

Cash and Cash Equivalents

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

Fair Value of Financial Instruments

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

Property and Equipment

Property and equipment are recorded at cost. The Coalition capitalizes all property and equipment having an original cost of \$5,000 or greater. Depreciation is provided over their estimated lives (five years for equipment) using the straight-line method. The Coalition does not own assets that exceed this threshold.

Grants Receivable

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

Contracts and Grants

The majority of the Coalition's revenue is derived from advanced funded and cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. In accordance with the Financial Accounting Standards Board (FASB) ASC 958-605, *Not-for-Profits*, revenue is recognized when the Coalition has incurred eligible expenditures in compliance with specific contracts or grant provisions. Amounts that have been received but not yet earned are reported in the financial statements as deferred revenues. Any expenses that have been incurred but not yet reimbursed are reported as unbilled grants receivable

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

Income Taxes

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

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

The Coalition is no longer subject to U.S. federal and state income tax examinations by tax authorities for years before 2018. The Coalition would recognize interest accrued related to unrecognized tax benefits in interest expense and penalties, if any, in operating expenses.

Accounting Estimates

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

Management's Review

The Coalition has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through March 31, 2022, the date the financial statements were available to be issued.

Comparative Financial Statements

The financial statements include certain prior-year summarized information in total. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Coalition's financial statements for the year ended June 30, 2020, from which the summarized information was derived. Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

Accounting Pronouncement Issued But Not Yet Adopted

In February 2016, the FASB issued Accounting Standards Update No. 2016-02, *Leases*. The new standard establishes a right-of-use (ROU) model that requires a lessee to record an ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the matter of expense recognition in the income statement. The new standard is effective for years beginning after December 15, 2021. A modified retrospective transition approach is required for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Coalition is currently evaluating the impact of its pending adoption of the new standard on its financial statements.

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

Note 2 - Cash and Cash Equivalents

At June 30, 2021, the carrying amount of cash on hand and on deposit with banks was \$1,532,993 and the related bank balance was \$2,403,908. The Coalition occasionally maintains deposit balances in excess of those insured up to the Federal Deposit Insurance Corporation limits. Additionally, the Coalition believes that deposits are covered under Florida Statute 280 and has filed the related forms. The Coalition has no investments.

Note 3 - Compensated Absences

The Coalition changed the policy for employees' rights to receive compensation for future absences. The new policy allows exempt employees to accrue a maximum of 720 hours and non-exempt employees may accrue a maximum of 240 hours. The accumulated earned vacation liability for the period ended June 30, 2021 and 2020, is \$105,156 and \$84,255, respectively.

Note 4 - Retirement

The Coalition maintains a Voluntary Retirement Annuity Plan 403(b) (the Plan) for its employees. All employees are eligible for participation and employer matching contributions to the Plan on the date of employment. Contributions to the Plan are matched based on a percentage of employee salaries. In 2021, the Coalition contributed \$115,072 to the Plan on behalf of the employees.

Note 5 - Operating Lease

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

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

Year Ending June 30,	Minimum Annual Rent
2022	\$ 51,841
2023	53,396
2024	54,998
2025	<u>46,972</u>
Total	<u>\$ 207,207</u>

Rent expense for the year ended June 30, 2021, is \$67,355.

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

Note 6 - Subsidized Services Program Matching Requirements

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

Note 7 - Net Assets

The detail of the Coalition's net assets at June 30, 2021, is as follows:

Without Donor Restrictions

Undesignated	\$ 165,388
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Note 8 - Commitments and Contingencies

Concentrations

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

Grant Compliance

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

Note 9 - Liquidity and Available Resources

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

Financial Assets, as of June 30, 2021	\$ 1,848,067
Less Those Unavailable General Expenditures:	
Within One Year Restricted for Grant Programs	-
Financial Assets Available to Meet Cash Needs for	
General Expenditures Within One Year	\$ 1,848,067

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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Early Learning Coalition of the Nature Coast, Inc. (the Coalition), a non-profit organization, which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 31, 2022.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



March 31, 2022
Ocala, Florida

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

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

Report on Compliance for Each Major Federal Program and State Project

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

Management's Responsibility

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

Auditor's Responsibility

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

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

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

Opinion on Each Major Federal Program and State Project

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

Report on Internal Control Over Compliance

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

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

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

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

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

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



March 31, 2022
Ocala, Florida

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2021
EARLY LEARNING COALITION OF THE NATURE COAST, INC.
CRYSTAL RIVER, FLORIDA**

Grantor/Pass-Through Program Title	AL/CSFA Number	Contract Number	Program or Award Amount	Expenditures
Federal Awards				
U.S. Department of Health and Human Services				
<i>Passed Through the Florida Department of Education Division of Early Learning</i>				
Preschool Development Grant	93.434	EL011	\$ 12,862	\$ 12,862
Temporary Assistance for Needy Families	93.558	EL011	1,900,890	1,900,890
Social Service Block Grant	93.667	EL011	5,820	5,820
Child Care Development Fund Cluster:				
Child Care and Development Block Grant	93.575	EL011	5,694,472	5,694,472
Child Care and Development Block Grant	93.575	EL011	2,956,476	2,956,476
COVID-19 - Child Care and Development Block Grant	93.575	EL010	764,224	764,224
Child Care Mandatory and Matching Funds of the Child Care Development Fund	93.596	EL011	2,294,207	2,294,207
Total Child Care Development Fund Cluster			<u>11,709,379</u>	<u>11,709,379</u>
Total U.S. Department of Health and Human Services			<u>13,628,951</u>	<u>13,628,951</u>
Total Expenditures of Federal Awards			<u>13,628,951</u>	<u>13,628,951</u>
State Financial Assistance				
Department of Education and Commissioner of Education				
Voluntary Pre-Kindergarten Education Program	48.108	OA011	4,603	4,603
Voluntary Pre-Kindergarten Education Program	48.108	EL011	3,619,873	3,619,873
Total Voluntary Pre-Kindergarten Education Program			<u>3,624,476</u>	<u>3,624,476</u>
Total Expenditures of State Financial Assistance			<u>3,624,476</u>	<u>3,624,476</u>
Total Expenditures of Federal Awards and State Financial Assistance			<u>\$ 17,253,427</u>	<u>\$ 17,253,427</u>

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2021
EARLY LEARNING COALITION OF THE NATURE COAST, INC.
CRYSTAL RIVER, FLORIDA**

Note 1 - Basis of Presentation

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

Note 2 - Indirect Cost Rate

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

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

Summary of Audit Results

Financial Statements

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

Federal Awards and State Projects

Internal Control Over Major Programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	No
Type of Audit Report Issued on Compliance for Major Programs:	Unmodified Opinion
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance and Chapter 10.650 for non-profit and for-profit organizations?	No

Identification of Major Programs:

Federal Program or Cluster	Assistance Listing No.
Child Care Development Fund Cluster	93.575/93.596
Temporary Assistance for Needy Families	93.558

State Project	CSFA No.
Voluntary Pre-Kindergarten Education Program	48.108

Dollar Threshold Used to Distinguish Between Type A and Type B Programs – Federal Programs	\$750,000
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Dollar Threshold Used to Distinguish Between Type A and Type B Programs – State Programs	\$750,000
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Auditee qualified as low-risk auditee pursuant to the Uniform Guidance?	Yes
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**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARD PROGRAMS AND STATE FINANCIAL ASSISTANCE
EARLY LEARNING COALITION OF THE NATURE COAST, INC.
CRYSTAL RIVER, FLORIDA**

Section II – Financial Statement Findings

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

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

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

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

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

Section V – Other Issues

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

GOVERNANCE LETTER

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

We have audited the financial statements of Early Learning Coalition of the Nature Coast, Inc. (the Coalition) for the year ended June 30, 2021, and we have issued our report thereon dated March 31, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.650, *Rules of the Auditor General*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 11, 2021. Professional standards also require that we communicate to you the following information related to our audit:

Qualitative Aspects of Accounting Practices

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

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

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

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

CERTIFIED PUBLIC ACCOUNTANTS

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Members of American and Florida Institutes of Certified Public Accountants
An Independent Member of the BDO Alliance USA

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

Corrected and Uncorrected Misstatements

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

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 31, 2022.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

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

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



March 31, 2022
Ocala, Florida