

**THE SCHOOL READINESS  
COALITION OF SARASOTA  
COUNTY, INC. d/b/a  
EARLY LEARNING  
COALITION OF  
SARASOTA COUNTY**

**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  
The School Readiness Coalition of Sarasota County, Inc.  
Sarasota, Florida

**Report on the Financial Statements**

We have audited the accompanying financial statements of The School Readiness Coalition of Sarasota County, Inc. (a nonprofit organization), d/b/a Early Learning Coalition of Sarasota County, 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 The School Readiness Coalition of Sarasota 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 19, 2022, on our consideration of The School Readiness Coalition of Sarasota 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 The School Readiness Coalition of Sarasota 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 The School Readiness Coalition of Sarasota County, Inc.'s internal control over financial reporting and compliance.

*Moss, Krusick & Associates, LLC*

Winter Park, Florida  
January 19, 2022

**The School Readiness Coalition of Sarasota County, Inc. d/b/a  
Early Learning Coalition of Sarasota County**

**STATEMENTS OF FINANCIAL POSITION**

**June 30, 2021 and 2020**

	2021	2020
<b>ASSETS</b>		
Current assets		
Cash	\$ 1,892,618	\$ 984,577
Contracts and grants receivable	367,536	1,444,285
Prepaid assets	9,746	7,796
Total current assets	2,269,900	2,436,658
Furniture and equipment		
Furniture and equipment	25,165	25,165
Less accumulated depreciation	(25,165)	(25,165)
Total furniture and equipment	-	-
Total assets	\$ 2,269,900	\$ 2,436,658
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable	\$ 1,006,833	\$ 1,720,965
Accrued payroll and benefits	61,228	65,486
Advances payable to grantor agency	808,703	325,141
Deferred revenue	81,148	28,861
Total current liabilities	1,957,912	2,140,453
Commitments and contingencies	-	-
Net assets		
Without donor restrictions	311,988	296,205
Total liabilities and net assets	\$ 2,269,900	\$ 2,436,658

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

**The School Readiness Coalition of Sarasota County, Inc. d/b/a  
Early Learning Coalition of Sarasota County**

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**

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

	2021	2020
Revenue:		
Florida's Division of Early Learning		
School readiness services	\$ 10,143,972	\$ 8,808,000
Voluntary pre-kindergarten services	3,766,513	4,754,374
Sarasota County program funding	458,481	417,035
Local grants	44,461	56,595
Other income	82,554	73,670
In-kind revenue	34,090	33,133
Total revenue	14,530,071	14,142,807
Expenses:		
Program services		
School readiness services	10,261,664	8,860,605
Voluntary pre-kindergarten services	3,688,879	4,653,002
Other quality programs	169,057	185,068
Total program expenses	14,119,600	13,698,675
Supporting services		
Administrative	394,688	427,503
Total expenses	14,514,288	14,126,178
Increase in net assets	15,783	16,629
<b>NET ASSETS - BEGINNING OF YEAR</b>	296,205	279,576
<b>NET ASSETS - END OF YEAR</b>	\$ 311,988	\$ 296,205

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

**The School Readiness Coalition of Sarasota County, Inc. d/b/a  
Early Learning Coalition of Sarasota County**

**STATEMENT OF FUNCTIONAL EXPENSES**

**Year Ended June 30, 2021**

	<b>Program Services</b>			<b>Total Program Expenses</b>	<b>Supporting Services</b>	
	<b>School Readiness Services</b>	<b>Voluntary Pre-Kindergarten Services</b>	<b>Other Quality Programs</b>		<b>Administrative</b>	<b>Total</b>
Child care payments	\$ 7,911,284	\$ 3,427,541	\$ 15,263	\$ 11,354,088	\$ -	\$ 11,354,088
Grants to providers - CARES Act	1,193,500	217,509	-	1,411,009	-	1,411,009
Salaries and wages, employee benefits and payroll costs	811,256	35,151	22,074	868,481	241,640	1,110,121
Professional fees	20,463	379	53,873	74,715	31,130	105,845
Provider training and Quality support	189,447	-	50,842	240,289	-	240,289
Building occupancy	61,111	2,977	-	64,088	13,108	77,196
Telephone and internet	27,110	1,370	312	28,792	8,003	36,795
Accounting fees	-	-	-	-	45,168	45,168
In-kind expense	-	-	-	-	34,090	34,090
Parent education materials	6,507	2,020	23,257	31,784	1,394	33,178
Insurance expense	18,769	884	304	19,957	5,087	25,044
Printing and copying	13,660	625	-	14,285	3,253	17,538
Office supplies	4,707	211	564	5,482	1,060	6,542
Travel and training	1,459	57	35	1,551	292	1,843
Other expenses	-	-	1,060	1,060	3,108	4,168
Equipment	808	73	1,120	2,001	182	2,183
Membership and bank fees	-	-	-	-	5,636	5,636
Postage	1,583	82	353	2,018	1,537	3,555
<b>Total expenses</b>	<b>\$ 10,261,664</b>	<b>\$ 3,688,879</b>	<b>\$ 169,057</b>	<b>\$ 14,119,600</b>	<b>\$ 394,688</b>	<b>\$ 14,514,288</b>

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

**The School Readiness Coalition of Sarasota County, Inc. d/b/a  
Early Learning Coalition of Sarasota County**

**STATEMENT OF FUNCTIONAL EXPENSES**

**Year Ended June 30, 2020**

	<b>Program Services</b>			<b>Supporting Services</b>		
	<b>School Readiness Services</b>	<b>Voluntary Pre-Kindergarten Services</b>	<b>Other Quality Programs</b>	<b>Total Program Expenses</b>	<b>Administrative</b>	<b>Total</b>
Child care payments	\$ 7,440,262	\$ 4,595,543	21,537	\$ 12,057,342	\$ -	\$ 12,057,342
Salaries and wages, employee benefits and payroll costs	795,686	46,189	35,300	877,175	264,000	1,141,175
Provider training and Quality support	411,961	-	58,290	470,251	-	470,251
Professional fees	42,172	-	32,401	74,573	42,048	116,621
Building occupancy	68,736	4,005	-	72,741	13,823	86,564
Parent education materials	26,709	2,916	34,580	64,205	2,338	66,543
Accounting fees	-	-	-	-	41,129	41,129
Telephone and internet	26,683	1,618	-	28,301	8,697	36,998
In-kind expense	-	-	-	-	33,133	33,133
Insurance expense	19,093	1,147	533	20,773	5,777	26,550
Printing and copying	14,269	870	-	15,139	3,880	19,019
Office supplies	8,183	487	819	9,489	1,877	11,366
Travel and training	4,336	82	-	4,418	1,661	6,079
Membership and bank fees	-	-	10	10	4,255	4,265
Other expenses	241	13	942	1,196	2,974	4,170
Postage	1,554	98	25	1,677	1,745	3,422
Equipment	720	34	631	1,385	166	1,551
<b>Total expenses</b>	<b>\$ 8,860,605</b>	<b>\$ 4,653,002</b>	<b>\$ 185,068</b>	<b>\$ 13,698,675</b>	<b>\$ 427,503</b>	<b>\$ 14,126,178</b>

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



**The School Readiness Coalition of Sarasota County, Inc. d/b/a  
Early Learning Coalition of Sarasota County**

**STATEMENTS OF CASH FLOWS**

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

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u>2021</u>	<u>2020</u>
Change in net assets	\$ 15,783	\$ 16,629
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
(Increase) decrease in assets:		
Contracts and grants receivable	1,076,749	(1,079,201)
Prepaid assets	(1,950)	6,934
Increase (decrease) in liabilities:		
Accounts payable	(714,132)	1,100,593
Accrued payroll and benefits	(4,258)	12,832
Advances payable to grantor agency	483,562	273,484
Deferred revenue	<u>52,287</u>	<u>(3,698)</u>
Net cash provided by operating activities	<u>908,041</u>	<u>327,573</u>
Net increase in cash	908,041	327,573
<b>CASH - BEGINNING OF YEAR</b>	<u>984,577</u>	<u>657,004</u>
<b>CASH - END OF YEAR</b>	<u><u>\$ 1,892,618</u></u>	<u><u>\$ 984,577</u></u>

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

**The School Readiness Coalition of Sarasota County, Inc. d/b/a  
Early Learning Coalition of Sarasota County**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2021**

**NOTE A - ORGANIZATION**

The School Readiness Coalition of Sarasota County, Inc. (the Coalition), d/b/a Early Learning Coalition of Sarasota County, is a not-for-profit organization incorporated in the State of Florida in 2000. The Coalition's purpose is to provide administration and oversight of federal, state and local funds that ensure an integrated school readiness program offering a broad range of services to enhance the overall system of quality childcare and early education services for preschool children in Sarasota County. This includes state and local funds for financial assistance for income eligible families under the original Florida School Readiness Act of 1999, the Voluntary Pre-Kindergarten (VPK) program for all 4-year-olds, implemented by the Florida Legislature in 2005 in response to the Constitutional Amendment passed by the state's citizens in 2002, and Child Care Resource and Referral services providing information regarding quality child care for all families, regardless of income. The Coalition is also responsible for the coordination of local efforts to ensure that young children are prepared for success in school and that child care providers educate and care for preschool children in appropriate, high quality early learning environments that meet legislative mandates.

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

1. Functional allocation of expenses

The cost of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Administration: This designation includes the functions necessary to maintain the Coalition's programs and activities; to provide coordination and articulation of the Coalition's program strategy through oversight of an executive director; to secure the proper administrative functioning of the board of directors (the "Board"); and to manage the financial and budgetary responsibilities of the Coalition.

Programs: The following programs are included in the accompanying financial statements: School Readiness - programs to provide financial scholarships for child care for eligible parents and to empower parents as a child's first teacher and help them prepare their children to be ready for school. Voluntary Pre-Kindergarten - program available for every four-year-old in Florida for 540 hours of care in either a traditional school year or a summer program. Quality Improvement System (QIS) - program which oversees the implementation of a local Quality Rating System for child care providers to support high quality early learning environments. A portion of the School Readiness program funds designated for quality expenses also go toward QIS activities.

**The School Readiness Coalition of Sarasota County, Inc. d/b/a  
Early Learning Coalition of Sarasota County**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2021**

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

2. Use of estimates

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

3. Basis of accounting and financial statement presentation

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 and include all funds and activities over which the Board of the Coalition has oversight and financial responsibility.

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 statement of activities as net assets released from restrictions.

Some net assets with donor restrictions 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.

**The School Readiness Coalition of Sarasota County, Inc. d/b/a  
Early Learning Coalition of Sarasota County**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2021**

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

4. Revenue recognition

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (ASC 606), which prescribes a single, common revenue standard to replace most existing revenue recognition guidance, including most industry-specific requirements. The standard outlines a five-step model whereby revenue is recognized as performance obligations within a contract are satisfied.

In June 2018, the FASB issued ASU No. 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 adopted ASC 606 and ASC 958 and all related amendments effective July 1, 2019. The adoption of the new standards had no significant impact on the Coalition's financial statements.

Revenue from government grants are recorded when earned, which is generally when the allowable costs of the specific grant provisions have been incurred or the performance of services rendered. Such revenue is subject to audit by the grantor and, if the examination results in a deficiency of allowable expenses, the Coalition will be required to refund any deficiencies. Management is of the opinion that all monies recognized as revenue without donor restrictions have been earned as of June 30, 2021 and 2020. These amounts are reflected as revenue if received and expended in the same year. Revenue from program fees are recognized when the earnings process is substantially complete, and goods have been delivered or services performed. Revenues from program fees are recognized in the year to which they relate.

The Coalition received advance funding on several program awards, which qualify as deferred revenue under generally accepted accounting principles until the related services are delivered. The total amount of all deferred revenue was \$81,148 and \$28,861 at June 30, 2021 and 2020, respectively.

5. Credit risk

Financial instruments, which potentially expose the Coalition to concentrations of credit risk, consist principally of cash bank deposits. The Coalition's policy is to place its cash investments with high quality financial institutions. The Coalition maintains its cash deposits accounts in institutions which are Federal Deposit Insurance Corporation insured, and which provide coverage on balances up to \$250,000 per depositor per institution.

**The School Readiness Coalition of Sarasota County, Inc. d/b/a  
Early Learning Coalition of Sarasota County**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2021**

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

5. Credit risk (continued)

The Coalition maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Coalition has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on cash and cash equivalents. The Coalition acknowledges that balances over the insured amount are subject to risk.

6. Contracts and grants receivable

Accounts receivable, which consists principally of grants due from federal and state governmental agencies, are recorded when services are provided. The Coalition's receivables as of June 30, 2021 and 2020 are due in less than one year and management believes all receivables are fully collectible.

7. Donated services, materials and facilities

Donated services, materials and facilities that are measurable are recorded as in-kind revenue at their fair market values at the date of receipt by the Coalition. A corresponding amount is recorded as expense or property and equipment. Donated services, materials and facilities aggregating \$34,090 and \$33,133 for the years ended June 30, 2021 and 2020, respectively, are included in both revenues and expenses in the statements of activities and changes in net assets.

8. Furniture and equipment

The Coalition's policy is to capitalize furniture and equipment with a cost in excess of \$5,000 and a useful life greater than one year. Depreciation is provided on a straight-line basis over the estimated useful lives of three to five years.

Furniture and equipment acquired with governmental funds is considered to be owned by the Coalition while used in the program for which it was purchased or in future authorized programs; however, its disposition as well as the ownership of any proceeds from the sale of assets there from is subject to applicable regulations.

9. Income taxes

The Coalition is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code; therefore, no income tax provision is required in the accompanying financial statements. The Coalition is not classified as a private foundation. Contributions to the Coalition are qualified as deductions for charitable contributions.

Management has analyzed the Coalition's various federal and state filing positions and believes that its income tax filing positions and deductions are well documented and supported and that no accruals for tax liabilities are necessary. Therefore, no reserves for uncertain income tax positions have been recorded. The Coalition remains subject to examination by the Internal Revenue Service for the years ended June 30, 2019 through June 30, 2021.

**The School Readiness Coalition of Sarasota County, Inc. d/b/a  
Early Learning Coalition of Sarasota County**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2021**

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

10. Advances payable to grantor agency

The Coalition receives advances on grant awards to meet its cash flow needs. As a result, these amounts are recorded as advances payable to the grantor agency in the statement of financial position until the amounts are paid back to the grantor agency as part of the agreement. Amounts not paid back at the end of the period are considered liabilities until paid back or forgiven by the grantor agency.

11. 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.

In August 2016, the FASB issued ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities* (Topic 958). The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions", (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct internal investment expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. The new guidance was effective beginning in 2018 and the Coalition changed its presentation of net assets classes and expanded the footnote disclosures in these financial statements as required by ASU 2016-14.

12. Reclassifications

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

13. Subsequent Events

Subsequent events have been evaluated through January 19, 2022, which is the date the financial statements were available to be issued.

**The School Readiness Coalition of Sarasota County, Inc. d/b/a  
Early Learning Coalition of Sarasota County**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2021**

**NOTE C - COMMITMENTS AND CONTINGENCIES**

1. Federal and state appropriated funds

The Coalition received 96% of its support from the federal and state governments in the form of grants for the years ended June 30, 2021 and 2020. A significant reduction in the level of this support, if this were to occur, may have a significant effect on the Coalition's programs and activities.

Government grants require the fulfillment of certain conditions as set forth in applicable laws, rules and regulations and in the grant agreements. Failure to fulfill the conditions could result in the return of the funds to the grantor. Management believes such disallowances, if any, would not be material.

2. Operating lease

The Coalition has entered into a non-cancelable operating lease agreement for its administrative offices. The Coalition has also entered into operating leases for equipment and storage. Future minimum annual rent payments for the operating leases are as follows for the fiscal years ending June 30,

2022	\$ 84,457
2023	59,172
2024	<u>4,230</u>
	<u>\$ 147,859</u>

Rent expense, included in building occupancy in the Statement of Functional Expenses, for the years ended June 30, 2021 and 2020 was \$65,262 and \$40,137 for leased office and storage space, respectively. Rent expense for leased equipment included in printing and copying in the Statement of Functional Expenses for the years ended June 30, 2021 and 2020 totaled \$16,920 and \$16,920, respectively.

**NOTE D - CONTRACTS AND GRANTS RECEIVABLE**

Contracts and grants receivable consisted of the following amounts at June 30:

	2021	2020
Florida's Division of Early Learning	\$ 260,618	\$1,371,857
Sarasota County Program	77,889	63,444
Other	22,500	-
Community Foundation	6,154	8,984
The Florida Center for EC	<u>375</u>	<u>-</u>
Total contracts and grants receivable	<u>\$ 367,536</u>	<u>\$1,444,285</u>

**The School Readiness Coalition of Sarasota County, Inc. d/b/a  
Early Learning Coalition of Sarasota County**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2021**

**NOTE E - MATCH REQUIREMENTS**

From the funds in General Appropriations Act, Specific Appropriation 85, \$30,000,000 is provided to expand the provision of services to low income families at or below 200 percent of the federal poverty level as long as the income does not exceed 85 percent of the state median income. To be eligible for funding, the Coalition must match the state funds on a dollar-for-dollar basis and the local match must comply with federal Child Care and Development Block Grant matching requirements. During the years ended June 30, 2021 and 2020, the local matching requirements were met.

**NOTE F - 401K PLAN**

The Coalition provides a 401(k) retirement plan for its employees. All regular full-time employees who are at least 21 years of age or older and have performed six months of credited service are eligible to participate. The Coalition matches participants' contribution to the retirement plan up to 5% of the individual participant's annual pay. For the years ended June 30, 2021 and 2020, the Coalition's total contribution to the plan was \$24,713 and \$25,731, respectively.

**NOTE G - RELATED PARTY TRANSACTIONS**

The Coalition has reviewed fiscal 2021 and 2020 transactions and June 30, 2021 and 2020 balances for related parties and noted none requiring disclosure in the financial statements.

**NOTE H - 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 include building occupancy and telephone and internet, which are allocated on a square footage basis, as well as salaries and wages, benefits and payroll costs, professional fees, insurance, and travel and training, which are allocated on the basis of estimates of time and effort.



**The School Readiness Coalition of Sarasota County, Inc. d/b/a  
Early Learning Coalition of Sarasota County**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2021**

**NOTE I - RISK 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 global situation.

**NOTE J - SCHEDULE OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**

The schedule of expenditures of federal awards and state financial assistance follows the accrual basis of accounting. Accounting principles generally accepted in the United States of America require recognition of the expenditures in the period incurred and recognition of the corresponding reimbursement once the amount is earned and collection is certain. Reconciliations of the schedule of expenditures of federal awards and state financial assistance to federal and state expenditures included in the statements of activities and changes in net assets is as follows:

	<u>2021</u>
Federal expenditures – schedule of federal awards and state financial assistance	\$ 11,030,210
Expenditures / reimbursements from CARES Act recognized in Voluntary Pre-kindergarten services	(243,185)
Refunds/adjustments remitted back to DEL	<u>(643,053)</u>
Federal expenditures – statement of activities and changes in net assets	<u>\$ 10,387,157</u>
State expenditures – schedule of federal awards and state financial assistance	\$ 3,523,328
Expenditures / reimbursements from CARES Act recognized in Voluntary Pre-kindergarten services	<u>243,185</u>
State expenditures – statement of activities and changes in net assets	<u>\$ 3,766,513</u>

Note: CARES Act reimbursements are recorded under Federal Awards in the accompanying Schedule of Federal Awards and State Financial Assistance.

**The School Readiness Coalition of Sarasota County, Inc. d/b/a  
Early Learning Coalition of Sarasota County**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2021**

**NOTE K - LIQUIDITY AND AVAILABILITY OF RESOURCES**

The Coalition's financial assets available within one year of the statements of financial position date for general expenditures are as follows:

	2021	2020
Cash	\$ 1,892,618	\$ 984,577
Contracts and grants receivable	367,536	1,444,285
Total financial assets available within one year	2,260,154	2,428,862
Less:		
Amounts unavailable for general expenditures within one year:		
Accounts payable	(1,006,833)	(1,720,965)
Accrued payroll and benefits	(61,228)	(65,486)
Accounts payable to grantor agency	(808,703)	(325,141)
Deferred revenue	(81,148)	(28,861)
Total amounts unavailable for general expenditures within one year	(1,957,912)	(2,140,453)
Total financial assets available to management for general expenditure within one year	\$ 302,242	\$ 288,409

As part of the Coalition's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations as they come due. The Coalition receives approximately 96% for the years ended June 30, 2021 and 2020, of its funding from federal and state grants passed through DEL which are on a reimbursable basis. Throughout the year, the Coalition receives monthly advances and reimbursements from DEL to cover incurred expenses and to manage unanticipated liquidity needs.

**SUPPLEMENTAL INFORMATION**



**Partners**

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Cori G. Cameron  
Bob P. Marchewka  
Ric Perez  
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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  
The School Readiness Coalition of Sarasota County, Inc.  
Sarasota, 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 The School Readiness Coalition of Sarasota County, Inc. (the "Coalition") (a nonprofit organization), d/b/a Early Learning Coalition of Sarasota County, 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 19, 2022.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered The School Readiness Coalition of Sarasota 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 The School Readiness Coalition of Sarasota 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 The School Readiness Coalition of Sarasota 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 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.

*Moss, Krusick & Associates, LLC*

Winter Park, Florida  
January 19, 2022



**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**

**Partners**

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To the Board of Directors of  
The School Readiness Coalition of Sarasota County, Inc.  
Sarasota, Florida

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

We have audited The School Readiness Coalition of Sarasota County, Inc., d/b/a Early Learning Coalition of Sarasota County'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 The School Readiness Coalition of Sarasota County, Inc.'s major federal programs and state projects for the year ended June 30, 2021. The School Readiness Coalition of Sarasota 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 The School Readiness Coalition of Sarasota 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) and Chapter 10.650, *Rules of the Auditor General*, and special audit guidance provided by the Division of Early Learning. 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 noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about The School Readiness Coalition of Sarasota 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 The School Readiness Coalition of Sarasota County, Inc.'s compliance.

**Opinion on Each Major Federal Program and State Project**

In our opinion, The School Readiness Coalition of Sarasota 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 programs and state projects for the year ended June 30, 2021.

**Report on Internal Control Over Compliance**

Management of The School Readiness Coalition of Sarasota 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 The School Readiness Coalition of Sarasota 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 The School Readiness Coalition of Sarasota 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program 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 19, 2022

**The School Readiness Coalition of Sarasota County, Inc. d/b/a  
Early Learning Coalition of Sarasota County**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**

**June 30, 2021**

**Section I – Summary of Auditors’ Results**

**Financial Statements**

- |   |               |
|---|---------------|
| 1. Type of auditors’ report issued:   | Unmodified    |
| 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**

- |   |               |
|---|---------------|
| 1. Type of auditors’ report issued on compliance for major programs:                                  | Unmodified    |
| 2. Internal control over major programs:  |               |
| a. Material weakness(es) identified?  | No            |
| b. Significant deficiencies identified that are not considered to be material weaknesses?             | None reported |
| 3. Audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? | No            |
| 4. Dollar threshold used to distinguish between Type A and Type B programs                            | \$750,000     |
| 5. Auditee qualified as low-risk auditee?   | Yes           |

Identification of major programs:

<u>Name of Federal Program</u>	<u>ALN</u>
Child Care and Development Block Grant	93.575
Child Care Mandatory and Matching Funds Of the Child Care and Development Fund	93.596
Temporary Assistance for Needy Families	93.558

**The School Readiness Coalition of Sarasota County, Inc. d/b/a  
Early Learning Coalition of Sarasota County**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**

**June 30, 2021**

**Section I – Summary of Auditors’ Results (continued)**

**State Financial Assistance**

- |  |               |
|--|---------------|
| 1. Type of auditors’ report issued on compliance for major projects:   | Unmodified    |
| 2. Internal control over major projects:   |               |
| a. Material weakness(es) identified?   | No            |
| b. Significant deficiencies identified that are not considered to be material weaknesses?  | None reported |
| 3. Audit findings disclosed that are required to be reported in accordance with the Florida Single Audit Act and Chapter 10.650, <i>Rules of the Auditor General</i> | No            |
| 4. Dollar threshold used to distinguish between Type A and Type B projects   | \$750,000     |

Identification of major projects:

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

**Section II – Enhanced Fields System (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 DEL staff                        | Yes |

**Section III – Financial Statement Findings**

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

**Section IV – Federal Award and State Projects Findings and Questioned Costs**

None (there are no items related to Federal Awards and State financial assistance required to be reported in the management letter, therefore no management letter issued)

**Section V – Status of Prior Year Audit Findings**

There were no prior year findings.



**The School Readiness Coalition of Sarasota County, Inc. d/b/a  
Early Learning Coalition of Sarasota County**

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

**Year Ended June 30, 2021**

Grantor/Program Title	ALN CSFA #	Award Number	Expenditures
<b>Federal Awards:</b>			
<b>U.S. Department of Health and Human Services</b>			
<i>Passed through State of Florida's Division of Early Learning for School Readiness Services</i>			
Child Care and Development Block Grant	93.575	EL451	\$ 4,274,349
Child Care and Development Block Grant - CARES Act	93.575	EL451	3,228,383
Child Care and Development Block Grant - CARES Act	93.575	EL450	308,048
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	EL451	<u>1,765,551</u>
Total Child Care and Development Fund Cluster			<u>9,576,331</u>
Temporary Assistance for Needy Families	93.558	EL451	1,416,986
Preschool Development Grant	93.434	EL451	30,381
Social Services Block Grant	93.667	EL451	<u>6,512</u>
Total Expenditures of Federal Awards			<u><u>\$ 11,030,210</u></u>
<b>State Financial Assistance:</b>			
<b>State of Florida Department of Education</b>			
<i>Passed through State of Florida's Division of Early Learning</i>			
Voluntary Pre-Kindergarten Services	48.108	EL451	\$ 3,515,601
Outreach, Awareness and Monitoring	48.108	OA451	<u>7,727</u>
Total Expenditures of State Financial Assistance			<u>\$ 3,523,328</u>
Total Expenditures of Federal Awards and State Financial Assistance			<u><u>\$ 14,553,538</u></u>

**Basis of Presentation**

The accompanying schedule of expenditures of federal awards and state financial assistance is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), State of Florida Chapter 10.650, *Rules of the Auditor General*, and the Department of Financial Services' *State Projects Compliance Supplement*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**Indirect Cost 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. The indirect costs rates used on the Coalition's federal programs and state projects are determined by the relevant federal or state agency.

See independent auditors' report.