

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

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

JUNE 30, 2022

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of the Early Learning Coalition of Brevard County, Inc. (the "Coalition") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Coalition as of June 30, 2022, 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.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Coalition and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Coalition's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Coalition's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Coalition's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules 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 of the State of Florida, the schedules of state earnings, cost center actual expenses and revenues as required by the Florida Department of Children and Families (the “Department”), Guide to Performance Contracting for Alcohol, Drug Abuse and Mental Health Services are presented for purposes of additional analysis and are 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 April 13, 2023, 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.

Correction of Error

As described in Note 12 of the financial statements, expenses related to the fiscal year ended June 30, 2021 were inadvertently recorded in the fiscal year ended June 30, 2022 and needed to be adjusted. Our opinion is not modified with respect to that matter.

Coral Gables, Florida
April 13, 2023


CERTIFIED PUBLIC ACCOUNTANTS

EARLY LEARNING COALITION OF BREVARD COUNTY, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022

ASSETS

Cash and cash equivalents	\$ 4,145,945
Grants and accounts receivable	2,667,546
United Way receivable	267,000
Prepaid expenses	256,032
Due from Providers - Reconciliations	27,714
Furniture and equipment, net	<u>62,518</u>
 TOTAL ASSETS	 <u><u>\$ 7,426,755</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable and accrued expenses	\$ 3,140,619
Deferred revenues	4,030,606
Due to Office of Early Learning - Reconciliations	<u>27,714</u>
 TOTAL LIABILITIES	 7,198,939

NET ASSETS

Without Donor Restriction	(39,184)
With Donor Restriction	<u>267,000</u>

 TOTAL NET ASSETS	 <u>227,816</u>
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 TOTAL LIABILITIES AND NET ASSETS	 <u><u>\$ 7,426,755</u></u>
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The accompanying notes are an integral part of these financial statements.

EARLY LEARNING COALITION OF BREVARD COUNTY, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

	Without Donor Restriction	With Donor Restriction	Total
Revenue and Other Support:			
Grants-Federal	\$ 32,321,102	\$ -	\$ 32,321,102
Grants-State	10,611,667	-	10,611,667
Total Grants-Federal and State	42,932,769	-	42,932,769
Contributions	20,000	-	20,000
United Way	-	267,000	267,000
In-kind	63,256	-	63,256
Other Income	5,921	-	5,921
Net assets released from restrictions	267,000	(267,000)	-
Total Revenue and Other Support	43,288,946	-	43,288,946
Expenses:			
Program Services:			
School Readiness	22,158,887	-	22,158,887
Voluntary Pre-K	9,995,360	-	9,995,360
Other	9,288,657	-	9,288,657
Total Program Services:	41,442,904	-	41,442,904
Supporting Services:			
Management and General	1,918,941	-	1,918,941
Total Supporting Services	1,918,941	-	1,918,941
Total Expenses	43,361,845	-	43,361,845
Change in Net Assets	(72,899)	-	(72,899)
Net Assets at Beginning of Year, as restated	33,715	267,000	300,715
Net Assets at End of Year	\$ (39,184)	\$ 267,000	\$ 227,816

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

EARLY LEARNING COALITION OF BREVARD COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	Program Services				Supporting Services	
	Subsidized Child Care	Voluntary Pre-K	Other	Total	Management and General	Total Expenses
Salaries	\$ 1,183,557	\$ -	\$ -	\$ 1,183,557	\$ 1,183,557	\$ 2,367,114
Payroll taxes and workers compensation	99,076	-	-	99,076	87,860	186,936
Fringe benefits	236,356	-	-	236,356	288,880	525,236
Total salaries and related expenses	1,518,989	-	-	1,518,989	1,560,297	3,079,286
Direct Services	20,137,940	9,995,360	-	30,133,300	-	30,133,300
Sub-recipient services	-	-	9,100,637	9,100,637	-	9,100,637
Program enhancements	-	-	188,020	188,020	-	188,020
Public Education	10,283	-	-	10,283	3,071	13,354
Computer/networking	25,513	-	-	25,513	56,788	82,301
Professional fees	33,998	-	-	33,998	26,713	60,711
Legal fees	-	-	-	-	3,202	3,202
Repairs and maintenance	3,438	-	-	3,438	2,928	6,366
Equipment rental and expense	8,175	-	-	8,175	6,689	14,864
Travel	3,687	-	-	3,687	19,355	23,042
Training	2,516	-	-	2,516	16,835	19,351
Occupancy	187,769	-	-	187,769	147,533	335,302
Printing	3,198	-	-	3,198	2,724	5,922
Telephone	27,180	-	-	27,180	21,356	48,536
Utilities	7,988	-	-	7,988	7,988	15,976
Insurance	15,384	-	-	15,384	13,105	28,489
Employment expenses	-	-	-	-	6,298	6,298
Dues and subscriptions	8,946	-	-	8,946	1,964	10,910
Educational supplies	127,341	-	-	127,341	-	127,341
Supplies	8,107	-	-	8,107	11,195	19,302
In-kind expenditures	-	-	-	-	2,400	2,400
Other	10,390	-	-	10,390	8,500	18,890
TOTAL EXPENSES BEFORE DEPRECIATION AND AMORTIZATION	22,140,842	9,995,360	9,288,657	41,424,859	1,918,941	43,343,800
DEPRECIATION	18,045	-	-	18,045	-	18,045
TOTAL EXPENSES	\$ 22,158,887	\$ 9,995,360	\$ 9,288,657	\$ 41,442,904	\$ 1,918,941	\$ 43,361,845

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

EARLY LEARNING COALITION OF BREVARD COUNTY, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ (72,899)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:	
Depreciation	18,045
Decrease in assets:	
Grants and accounts receivable	621,042
United Way receivable	154,045
Prepaid expenses	7,332
Increase (decrease) in liabilities:	
Accounts payable and accrued expenses	(2,648,488)
Advances	4,030,606

NET CASH PROVIDED BY OPERATING ACTIVITIES 2,109,683

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of furniture and equipment	<u>(41,486)</u>
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NET CASH USED IN INVESTING ACTIVITIES (41,486)

NET CHANGE IN CASH 2,068,197

CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR 2,077,748

CASH AND CASH EQUIVALENTS AT END OF YEAR \$ 4,145,945

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

EARLY LEARNING COALITION OF BREVARD COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 - NATURE OF ORGANIZATION

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

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

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

EARLY LEARNING COALITION OF BREVARD COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

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

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

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

Furniture and Equipment, net

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

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

Accrued Benefits

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

EARLY LEARNING COALITION OF BREVARD COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Management Estimates

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

Income Taxes

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

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

The U.S. Federal jurisdiction and Florida are the major tax jurisdictions where the Coalition files tax returns. The Coalition is generally no longer subject to U.S. Federal or State examinations by tax authorities for years before 2019.

Grants Receivable

Grants receivable are due from federal and state governmental agencies and recorded when services are provided. The Coalition's receivables as of June 30, 2022 are due in less than one year and management believes that all receivables are fully collectible. Accordingly, no allowance for doubtful accounts is considered necessary.

Receivable from the United Way

The Coalition has a receivable from the United Way and considers it to be fully collectible. Accordingly, no allowance for doubtful accounts is required. The entire amount is receivable within the next fiscal year and funds are temporarily restricted as of June 30, 2022.

Prepaid Expenses

Consists of insurance and payroll expenses paid in advance.

Revenue Recognition

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

EARLY LEARNING COALITION OF BREVARD COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

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

Allocation of Functional Expenses

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

Subsequent Events

The Coalition has evaluated subsequent events through April 13, 2023, which is the date the financial statements were available to be issued.

NOTE 3 – FURNITURE AND EQUIPMENT, NET

Furniture and equipment is comprised of the following as of June 30, 2022:

Equipment	\$ 206,661
Furniture and fixtures	<u>24,092</u>
	230,753
Less: accumulated depreciation	<u>(168,235)</u>
	<u>\$ 62,518</u>

Depreciation expense was \$18,045 for the year ended June 30, 2022.

NOTE 4 – RETIREMENT PLAN

The Coalition has a qualified retirement plan for all qualifying employees. All employees over the age of 21 that have worked a minimum of 1,000 regular paid hours and completed one year of service are eligible to participate. Matching contributions are made to the plan by the Coalition on a discretionary basis. During the year ended June 30, 2022, the Coalition provided a 3% matching contribution totaling \$38,384. Employees are immediately vested in their contributions and matching contributions are vested over a four-year period of service.

EARLY LEARNING COALITION OF BREVARD COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 5 - CONCENTRATION

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

The Coalition has \$227,816 in net assets as of June 30, 2022. Substantially, all of the Coalition’s support was provided by the Federal government and State of Florida under early childhood education and voluntary pre-kindergarten programs. A significant reduction in this level of support, if this were to occur, would have an adverse effect on the Coalition’s programs and activities and its ability to satisfy its financial provider arrangements are only payable from the Coalition upon support provided from the Federal government and the State of Florida. To the extent the subcontracted payment arrangements will not be forthcoming, the Coalition will not be obligated. The Coalition’s risk is limited to the support received from the federal and state grants.

NOTE 6 – COMMITMENTS AND CONTINGENCIES

Operating Leases

The Coalition leases office spaces in Rockledge, Melbourne, and Titusville, Florida under operating leases with unrelated parties. The Coalition also leases office equipment under operating leases. Total rent expense on these leases was \$335,302 for the year ended June 30, 2022.

The following is a schedule of future lease payments:

<u>Year ending June 30,</u>	
2023	\$ 250,087
2024	172,878
2025	175,052
2026	177,258
2027	<u>179,496</u>
Total minimum lease payments	<u>\$ 954,771</u>

Other

The Coalition is subject to audit examination by funding sources to determine compliance with grant conditions. In the event that expenditures would be disallowed, repayment could be required. Management believes the Coalition is in compliance with the terms of its grant agreements.

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

NOTE 7 – RELATED PARTY TRANSACTIONS

In accordance with applicable regulations, the Coalition’s Board of Directors includes representatives of private and public sector industries. During the year ended June 30, 2022, the Coalition entered into several contracts with certain private and public sector industries with which certain Coalition Board Members are associated, for the purpose of providing services to participants. Total payments to these organizations during the year ended June 30, 2022 totaled \$1,438,128. Amounts due at June 30, 2022 totaled \$64,999 and were included in accounts payable and accrued expenses on the accompanying statements of financial position.

EARLY LEARNING COALITION OF BREVARD COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS

As of June 30, 2022, the Coalition’s net assets with donor restrictions totaled \$267,000 and are restricted for United Way sponsored programs. Amounts are held in United Way receivable on the statement of financial position.

NOTE 9 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

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

Cash and cash equivalents	\$	4,145,945
Grants and accounts receivable		<u>2,667,546</u>
		6,813,491
Less		
Donor imposed time or purpose restriction		<u>267,000</u>
Financial Assets available to meet cash needs for opening expenses within one year:	\$	<u><u>6,546,491</u></u>

NOTE 10 – OFFICE OF EARLY LEARNING - EFS SYSTEM

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

In order to assure that the children of Brevard would continue to be served and that providers were paid timely, OEL instructed the Coalition to make estimated payments throughout fiscal year 2019 and 2020. As of the date of these financial statements, the Coalition has reconciled 100% of the provider payments. Based on the results obtained from those reconciliations, OEL and the Coalition believe that the net overpayment to providers as a result of making estimated payments is \$181,759. OEL is fully aware of these overpayments. During the fiscal year 2022, the Coalition received and paid \$154,045 back to OEL. At June 30, 2022, the overpayments to the providers of \$27,714 have been recorded as Due from Providers, and a liability to OEL has been recorded for the same amount. In the event that the providers do not pay in full or in part, the Coalition will not be liable to the OEL and the Coalition will not incur any loss.

NOTE 11 – RISKS AND UNCERTAINTIES

The Covid-19 pandemic continues to impact business continuity, including supply chains and consumer demand across a broad range of industries and countries. In addition, certain geopolitical risks abroad and inflationary pressures at home are causing significant market volatility. Management has been carefully monitoring the situation and evaluating its options during this time. As a result of these uncertainties, no adjustments have been made to these financial statements.

EARLY LEARNING COALITION OF BREVARD COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 12 – RESTATEMENT PREVIOUSLY AUDITED FINANCIAL STATEMENTS

During its preparation for the 2022 audit, the Coalition became aware of certain accounting errors related to the recognition of expenses in the 2021 financial statements that were determined to be material. The impact of these modifications and reclassifications on the 2021 financial statements is summarized below:

June 30, 2021	As Previously Stated	Modifications	As Restated
Statement of Financial Position			
Liabilities			
Account payable and accrued expenses	\$ 5,635,062	\$ 300,000	\$ 5,935,062
Net Assets			
Net assets	\$ 600,715	\$ (300,000)	\$ 300,715
Statement of Activities and Changes in Net Assets			
Expenses			
Direct services	\$ 32,660,523	\$ (300,000)	\$ 32,360,523
Net assets	\$ 600,715	\$ (300,000)	\$ 300,715

SUPPLEMENTARY INFORMATION

**EARLY LEARNING COALITION OF BREVARD COUNTY, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2022**

Grantor/Pass-Through Grantor Program Title	Federal ALN#	Contract Number	Expenditures
FEDERAL AWARDS:			
U.S. Department of Education			
Education Stabilization Fund:			
Passed Through Florida's Office of Early Learning	84.425	EL082	\$ 1,328
Total U.S. Department of Education			<u>1,328</u>
U.S. Department of Health and Human Services			
Temporary Assistance for Needy Families Program:			
Passed Through Florida's Office of Early Learning	93.558	EL082	4,677,377
Child Care and Development Fund (CCDF) Cluster:			
CCDF Block Grant			
Passed Through Florida's Office of Early Learning	93.575	EL082	20,529,211
CCDF - Mandatory Matching			
Passed Through Florida's Office of Early Learning	93.596	EL082	7,097,195
CCDF Cluster Total			<u>27,626,406</u>
Social Services Block Grant			
Passed Through Florida's Office of Early Learning	93.667	EL082	9,844
Every Student Succeeds Act/Preschool Development Grants			
Passed Through Florida's Office of Early Learning	93.434	EL082	265,490
Total U.S. Department of Health and Human Services			<u>32,579,117</u>
Total Expenditures of Federal Awards			<u>\$ 32,580,445</u>
STATE AWARDS:			
State of Florida Department of Education			
Florida Department of Education, Office of Early Learning			
Voluntary Pre-Kindergarten Education			
Program for 2019-2020 Fiscal Year	48.108	EL082	\$ 10,347,502
Total State Expenditures			<u>10,347,502</u>
Total Federal and State Expenditures			<u>\$ 42,927,947</u>

EARLY LEARNING COALITION OF BREVARD COUNTY, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2022

1. GENERAL

The accompanying Schedule of Expenditures of Federal and State Awards includes the grant activity of the Coalition and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and Chapter 10.650, Rules of the Auditor General. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

2. BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance is presented using the accrual basis of accounting and includes expenses incurred by the Coalition during the year ended June 30, 2022.

3. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance includes the federal and state grant activity of the Coalition during its fiscal year July 1, 2021 to June 30, 2022. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance and Chapter 10.650, Rules of the Auditor General of the State of Florida. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

4. INDIRECT COST RATE

The Coalition has elected not to use the de minimis indirect cost rate for its federal programs and state projects for the year ended June 30, 2022. The indirect cost rates used on the Coalition's federal programs and state projects are determined by the relevant federal or state agency.



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Early Learning Coalition of Brevard County, Inc. (the "Coalition") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, 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 April 13, 2023.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Coral Gables, Florida
April 13, 2023



CERTIFIED PUBLIC ACCOUNTANTS



**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***

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

Report on Compliance for Each Major Federal Program and State Project

We have audited Early Learning Coalition of Brevard County, Inc.’s (the “Coalition”) compliance with the types of compliance requirements described in the *OMB Compliance Supplement*, and the requirements described in the *Department of Financial Services’ State Projects Compliance Supplement*, that could have a direct and material effect on each of the Coalition’s major federal programs and state projects for the year ended June 30, 2022. The Coalition’s major federal programs and state projects are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs and state projects.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the Coalition’s major federal programs and state programs based on our audit of the types of compliance requirements referred to above.

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

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

Opinion on Compliance for Each Major Federal Program and State Project

In our opinion, the Coalition complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal and state projects for the year ended June 30, 2022.

Report on Internal Control over Compliance

Management of the Coalition is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Coalition's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Coalition's internal control over compliance.

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

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

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


CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
April 13, 2023

**EARLY LEARNING COALITION OF BREVARD COUNTY, INC.
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS – FEDERAL AWARDS PROGRAMS AND
 STATE FINANCIAL ASSISTANCE
 FOR THE YEAR ENDED JUNE 30, 2022**

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified? Yes No

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

Noncompliance material to financial statements noted? Yes No

Federal Awards and State Awards

Internal control over major federal programs and state projects:

Material weakness(es) identified? Yes No

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

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

Unmodified

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

Identification of major programs:

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

93.575, 93.596 Child Care Development Fund (CCDF) Cluster
 48.108 VPK State General Funds

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

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

Auditee qualified as low-risk auditee? Yes No

**EARLY LEARNING COALITION OF BREVARD COUNTY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – FEDERAL AWARDS PROGRAMS AND
STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2022**

SECTION II – FINANCIAL STATEMENT FINDINGS

CURRENT YEAR FINDINGS

None

PRIOR YEAR FINDINGS

None

SECTION III – FEDERAL AND STATE AWARD FINDINGS AND QUESTIONED COSTS

None

SECTION IV – OTHER ISSUES

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