

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

**Financial Statements  
and Supplemental  
Information**

**Years Ended  
June 30, 2022 and 2021**

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Early Learning Coalition of Pinellas County, Inc.  
Clearwater, Florida

**Report on the Audit of the Financial Statements**

We have audited the accompanying financial statements of the Early Learning Coalition of Pinellas County, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities and change in net assets, functional expenses, and cash flows for the years 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 2021, 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.

**Basis for Opinion**

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. 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.

### ***Auditor's Responsibilities for the Audit of the Financial Statements (Continued)***

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 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*, 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 schedule of expenditures of federal awards and state financial assistance 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 26, 2023 on our consideration of The Early Learning Coalition of Pinellas 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 Early Learning Coalition of Pinellas 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 Early Learning Coalition of Pinellas County, Inc.'s internal control over financial reporting and compliance.

*Moss, Krusick & Associates, LLC*

Winter Park, Florida  
January 26, 2023

Early Learning Coalition of Pinellas County, Inc.

STATEMENTS OF FINANCIAL POSITION

June 30, 2022 and 2021

ASSETS

	<u>2022</u>	<u>2021</u>
Current assets:		
Cash	\$ 4,015,882	\$ 4,561,921
Grants receivable	1,041,509	2,084,499
Due from providers	347,819	1,022,223
Prepaid expenses	<u>43,862</u>	<u>43,593</u>
Total current assets	5,449,072	7,712,236
Property and equipment, net	<u>7,578</u>	<u>791</u>
Total assets	<u>\$ 5,456,650</u>	<u>\$ 7,713,027</u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable	\$ 4,328,153	\$ 6,628,050
Accrued liabilities	545,868	477,213
Deferred revenue	<u>52,875</u>	<u>90,747</u>
Total current liabilities	4,926,896	7,196,010
Deferred rent - non current	<u>57,767</u>	<u>99,031</u>
Total liabilities	4,984,663	7,295,041
Net assets:		
Without donor restrictions	<u>471,987</u>	<u>417,986</u>
Total liabilities and net assets	<u>\$ 5,456,650</u>	<u>\$ 7,713,027</u>

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

**Early Learning Coalition of Pinellas County, Inc.**

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

**Years ended June 30, 2022 and 2021**

	2022	2021
<b>REVENUES AND SUPPORT</b>		
Federal and state grants	\$ 73,904,456	\$ 66,362,409
Local grants	1,251,270	857,592
Matching funds	1,333,352	1,468,300
Other income	54,058	39,691
Contribution of non-financial assets		
Professional fees	-	4,000
Total revenues and support	76,543,136	68,731,992
<b>EXPENSES</b>		
Program services:		
School Readiness	52,817,551	53,072,880
Voluntary Pre-Kindergarten	12,661,874	11,214,043
Other	8,764,746	2,568,187
Total program services	74,244,171	66,855,110
Support services:		
Management and general	2,244,964	1,837,836
Total expenses	76,489,135	68,692,946
Changes in net assets	54,001	39,046
<b>NET ASSETS AT BEGINNING OF YEAR</b>	417,986	378,940
<b>NET ASSETS AT END OF YEAR</b>	\$ 471,987	\$ 417,986

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

Early Learning Coalition of Pinellas County, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2022

	Program Services			Total	Support Services	Total
	School Readiness	Voluntary Pre-Kindergarten	Other		Management and General	
Direct provider support	\$ 47,509,839	\$ 12,661,874	\$ 8,608,649	\$ 68,780,362	\$ 429	\$ 68,780,791
Salaries and benefits	4,360,135	-	98,082	4,458,217	1,678,932	6,137,149
Occupancy	276,467	-	-	276,467	146,745	423,212
Office supplies and expense	176,964	-	22,376	199,340	116,275	315,615
Contractual services	147,167	-	1,006	148,173	152,631	300,804
Communications	244,606	-	149	244,755	17,016	261,771
Professional fees	9,679	-	7,830	17,509	53,606	71,115
Scholarships	28,875	-	24,413	53,288	-	53,288
Insurance	-	-	-	-	44,031	44,031
Travel and conferences	29,156	-	493	29,649	9,227	38,876
Printing and postage	28,426	-	160	28,586	1,500	30,086
Dues and subscriptions	-	-	-	-	14,625	14,625
Other expenses	4,424	-	352	4,776	8,609	13,385
Repairs and maintenance	1,813	-	-	1,813	1,338	3,151
Depreciation	-	-	1,236	1,236	-	1,236
<b>Total expenses</b>	<b>\$ 52,817,551</b>	<b>\$ 12,661,874</b>	<b>\$ 8,764,746</b>	<b>\$ 74,244,171</b>	<b>\$ 2,244,964</b>	<b>\$ 76,489,135</b>

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

**Early Learning Coalition of Pinellas County, Inc.**

**STATEMENT OF FUNCTIONAL EXPENSES**

**Year Ended June 30, 2021**

	<b>Program Services</b>				<b>Support Services</b>	<b>Total</b>
	<b>School Readiness</b>	<b>Voluntary Pre-Kindergarten</b>	<b>Other</b>	<b>Total</b>	<b>Management and General</b>	
Direct provider support	\$ 48,641,746	\$ 11,199,550	\$ 2,256,015	\$ 62,097,311	\$ -	\$ 62,097,311
Salaries and benefits	3,926,191	14,493	171,818	4,112,502	1,453,214	5,565,716
Occupancy	254,152	-	-	254,152	134,226	388,378
Contractual services	72,151	-	11,010	83,161	113,695	196,856
Scholarships	23,485	-	78,278	101,763	-	101,763
Office supplies and expense	61,272	-	11,725	72,997	21,280	94,277
Communications	40,942	-	644	41,586	17,025	58,611
Professional fees	-	-	3,557	3,557	39,045	42,602
Insurance	-	-	-	-	39,483	39,483
Dues and subscriptions	17,278	-	-	17,278	14,625	31,903
Printing and postage	25,118	-	685	25,803	1,554	27,357
Advertising	-	-	21,512	21,512	-	21,512
Travel and conferences	5,235	-	1,813	7,048	3,169	10,217
Other expenses	3,511	-	1,027	4,538	520	5,058
Depreciation	-	-	6,103	6,103	-	6,103
Repairs and maintenance	1,799	-	-	1,799	-	1,799
Non-financial expense						
Professional fees	-	-	4,000	4,000	-	4,000
<b>Total expenses</b>	<b>\$ 53,072,880</b>	<b>\$ 11,214,043</b>	<b>\$ 2,568,187</b>	<b>\$ 66,855,110</b>	<b>\$ 1,837,836</b>	<b>\$ 68,692,946</b>

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



**Early Learning Coalition of Pinellas County, Inc.**

**STATEMENTS OF CASH FLOWS**

**Years Ended June 30, 2022 and 2021**

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in net assets	\$ 54,001	\$ 39,046
Adjustments to reconcile changes in net assets to net cash (used in) provided by operating activities:		
Depreciation	1,236	6,103
(Increase) decrease in assets:		
Grants receivable	1,042,992	3,210,171
Due from providers	674,404	1,179,673
Prepaid expenses	(269)	34,089
Increase (decrease) in liabilities:		
Accounts payable	(2,299,897)	(3,428,371)
Accrued liabilities	68,655	(102,228)
Due to providers	-	(357,366)
Deferred rent	(41,264)	(29,673)
Deferred revenue	(37,872)	34,935
	<u>(538,014)</u>	<u>586,379</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(8,025)	-
	<u>(8,025)</u>	<u>-</u>
Net cash used in investing activities		
	<u>(8,025)</u>	<u>-</u>
<b>NET (DECREASE) INCREASE IN CASH</b>	(546,039)	586,379
<b>CASH AT BEGINNING OF YEAR</b>	<u>4,561,921</u>	<u>3,975,542</u>
<b>CASH AT END OF YEAR</b>	<u>\$ 4,015,882</u>	<u>\$ 4,561,921</u>

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

# Early Learning Coalition of Pinellas County, Inc.

## NOTES TO FINANCIAL STATEMENTS

June 30, 2022

### NOTE A – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Organization and nature of activities

The Early Learning Coalition of Pinellas County, Inc. (the "Coalition") is a Florida not-for-profit corporation which began operations July 1, 2001. The Coalition is responsible for the development, implementation, and administrative oversight of publicly funded school readiness programs and voluntary pre-kindergarten programs in Pinellas County. The Coalition's mission is to revolutionize early learning to inspire children, engage families, and elevate educators. The governing body of the Coalition is the Board of Directors (the "Board").

2. Revenue recognition

The Coalition follows Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (ASC 606), which outlines a five-step model whereby revenue is recognized as performance obligations within a contract are satisfied, and ASU No. 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASC 958-605), which clarifies how transactions should be accounted for as contributions (nonreciprocal transactions) or exchange transactions and whether a contribution is conditional.

Revenue from government grants is 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 have been earned as of June 30, 2022 and 2021. These amounts are reflected as revenue without donor restrictions 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. As part of the Voluntary Pre-Kindergarten grants, the Coalition receives advances on revenue which are to be repaid to the state.

3. Functional allocation of expenses

The cost of providing the various programs and supporting services activities have been summarized on a functional basis in the statement of functional expenses. 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. See Note I for additional information.

4. 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.

Early Learning Coalition of Pinellas County, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE A – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5. 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. 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 may designate 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.

6. 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 and 2021, are due in less than one year and management believes that all receivables are fully collectible.

7. Concentration of 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 in institutions which are Federal Deposit Insurance Corporation insured, which provide coverage on balances up to \$250,000 per depositor per institution. At June 30, 2022 and 2021, the Coalition had \$3,802,085 and \$4,315,787, respectively, in excess of 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.

Early Learning Coalition of Pinellas County, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE A – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

8. Property and equipment

Property and equipment are carried at cost if purchased, or at estimated fair value if acquired by gift. The Coalition capitalizes expenditures in excess of \$5,000 and an estimated useful life greater than one year. Depreciation is calculated using the straight-line method over the estimated useful lives of the respective assets, which range from 3 to 5 years. 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 and the ownership of any proceeds are 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.

Management has analyzed its 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, 2020 through June 30, 2022.

10. Deferred revenue

Deferred revenue represents grant revenues collected but not yet earned as of June 30, 2022 and 2021. Revenues from grant proceeds are not recognized until expended.

11. Reclassification

Certain reclassifications have been made to the prior year financial statements to conform to the current year presentation.

12. Deferred rent

For lease agreements that provide for escalating rent payments or rent-free occupancy periods, the Coalition recognizes rent expense on a straight-line basis over the non-cancelable lease term and option renewal periods where failure to exercise such options would result in an economic penalty in such amount that renewal appears, at the inception of the lease, to be reasonably assured. The lease term commences on the date that the Coalition takes possession of or controls the physical use of the property. Deferred rent is included on the Statements of Financial Position.

13. Advertising expense

Advertising is expensed as incurred. Advertising expense for the years ended June 30, 2022 and 2021, amounted to \$0 and \$21,512, respectively.

Early Learning Coalition of Pinellas County, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

**NOTE A – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

14. 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. The guidance also eliminates today's real estate specific provisions for all entities. 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. The Coalition is evaluating the potential effects ASU 2016-02 will have on its financial statements.

15. Recently adopted accounting pronouncements

In September of 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Non-financial Assets*, requiring entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. The Standard also increases the disclosure requirements around contributed nonfinancial assets, including disaggregating by category the types of contributed nonfinancial assets an entity has received. The adoption has no significant impact on the Coalition's financial statements.

16. Subsequent events

Management has evaluated the effect subsequent events would have on the accompanying financial statements through the date these financial statements were available to be issued on January 26, 2023.

**NOTE B – ECONOMIC DEPENDENCE**

The activities of the Coalition are conducted in Pinellas County, Florida and are supported by funding provided by government agencies. The Coalition receives approximately 97% of funding from federal and state grants passed through Division of Early Learning for the years ended June 30, 2022 and 2021. A significant decline in funding to the Coalition could adversely affect the operating results of the Coalition. The continuance of state and federal funding is subject to annual legislative budgetary review.

**NOTE C – RELATED PARTY TRANSACTIONS**

As mandated by Chapter 1002, Part VI School Readiness; and 1002.83 Early Learning Coalitions, a certain member of the Coalition's Board of Directors is an executive for a government agency that the Coalition is contracted with, considering them a related party. In order to achieve its objectives, the Coalition enters into related party transactions with this organization in which the Board Member is actively involved. The related party member is the Assistant Superintendent for Elementary & Special Education of Pinellas County Schools ("Pinellas County School Board").

Early Learning Coalition of Pinellas County, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

**NOTE C – RELATED PARTY TRANSACTIONS (continued)**

During the years ended June 30, the Coalition made payments to and had an outstanding payable balance to Pinellas County School Board as follows:

	<u>2022</u>	<u>2021</u>
Payments made:		
School Readiness	\$ 619	\$ 833,639
Voluntary Pre-Kindergarten	8,955	3,790
Occupancy	<u>64,049</u>	<u>29,216</u>
Total payments	<u>\$ 73,623</u>	<u>\$ 866,645</u>
Payables at year end:	<u>\$ 11,327</u>	<u>\$ 1,404</u>

Effective July 1, 2010, the Florida Legislature mandated that all board members of Coalitions shall be considered eligible to vote on all matters, subject to the restrictions for related party transactions imposed on all board members by the By-Laws of the Coalition for related party transactions.

On July 1, 2017, the Coalition entered into an agreement with the Pinellas County School Board to continue to serve teenage parents through teen parent program services known as Pinellas Teenage Parenting Program. The original agreement expired on June 30, 2018 and was renewed annually through June 30, 2023.

On July 2, 2020, the Pinellas County School Board, through the Coalition, applied for and was awarded \$833,639 for the Rising Kindergarten Summer Program (the "Program"). The Program provided a summer program for rising kindergarten students based on practices that produce the greatest gains and is targeted to support students with the most significant academic need.

**NOTE D – 401K PLAN**

The Coalition has a 401(k) retirement plan that provides a contribution of 5% of each employee's salary and will also match the employee's contribution up to 5% of salary. The contribution was \$386,819 and \$343,285 for the years ended June 30, 2022 and 2021, respectively.

**NOTE E – MATCH FROM LOCAL RESOURCES**

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, 2022 and 2021, the local matching requirements were met.

Early Learning Coalition of Pinellas County, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE F – PROPERTY AND EQUIPMENT

Property and equipment and accumulated depreciation at June 30, are summarized as follows:

	<u>2022</u>	<u>2021</u>
Computers and equipment	\$ 92,623	\$ 130,135
Furniture and fixtures	19,696	23,206
	112,319	153,341
Less: accumulated depreciation	<u>(104,741)</u>	<u>(152,550)</u>
Property and equipment, net	<u>\$ 7,578</u>	<u>\$ 791</u>

Depreciation expense for the years ended June 30, 2022 and 2021, was \$1,236 and \$6,103, respectively.

NOTE G – COMMITMENTS AND CONTINGENCIES

*Operating leases*

The Coalition leases office space under various non-cancelable operating lease agreements that expire through September 2026. For financial statement reporting purposes, the Coalition records lease expenses over the lease term on a straight-line basis. Future minimum lease commitments are as follows:

<u>Years ending June 30,</u>	
2023	\$ 791,854
2024	523,077
2025	533,661
2026	586,642
2027	640,065
Thereafter	<u>442,264</u>
	<u>\$ 3,517,563</u>

Rent expense for the years ended June 30, 2022 and 2021, was \$423,212 and \$388,378, respectively.

*Related party*

During June 2017, the Coalition entered into a facility lease with the Pinellas County School Board, a related party, for the use of space within Pinellas Technical College – St. Petersburg. The lease expires November 2023 and includes an option to renew for an additional two years.

During May 2021, the Coalition entered into a second facility lease with the Pinellas County School Board, for the use of space within Lealman area – St. Petersburg. The lease commenced on September 1, 2021, expires in five years, and includes an option to renew for an additional two years.

See payments made to related parties at Note C.

**Early Learning Coalition of Pinellas County, Inc.**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2022**

**NOTE G – COMMITMENTS AND CONTINGENCIES (continued)**

*Federal and state appropriated funds*

Amounts received from federal and state agencies are subject to audit and adjustment at the discretion of those entities. If expenditures are disallowed as a result of these audits, the claims for reimbursement would be a liability of the Coalition.

*Litigation*

In the normal course of conducting its operations, the Coalition occasionally becomes party to various legal actions and proceedings. As of the financial statement report date, management is not aware of any claims or legal action or any pending or threatening litigation, claims or assessments against the Coalition.

**NOTE H – CALCULATION OF MAXIMUM ADMINISTRATIVE EXPENSES**

The following tables compare administrative expenses incurred to expenses subject to the maximum administrative expenses allowed by Division Early Learning (DEL) for the School Readiness and Voluntary Pre-Kindergarten programs for the years ended June 30:

	<u>School Readiness</u>	<u>Voluntary Pre-Kindergarten</u>	<u>Total</u>
2022:			
Total administrative expenses subject to 5% and 4% maximum	\$ 1,738,489	\$ 506,475	\$ 2,244,964
Maximum 5% and 4% administrative expenses allowable per DEL	<u>1,985,800</u>	<u>506,475</u>	<u>2,492,275</u>
Administrative expenses (under) maximum	<u>\$ (247,311)</u>	<u>\$ -</u>	<u>\$ (247,311)</u>
2021:			
Total administrative expenses subject to 5% and 4% maximum	\$ 1,451,915	\$ 385,893	\$ 1,837,808
Maximum 5% and 4% administrative expenses allowable per DEL	<u>2,026,660</u>	<u>447,847</u>	<u>2,474,507</u>
Administrative expenses (under) maximum	<u>\$ (574,745)</u>	<u>\$ (61,954)</u>	<u>\$ (636,699)</u>

**NOTE I – 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 occupancy, which is allocated on a square footage basis, as well as salaries and benefits, professional fees, insurance, travel and conferences, repairs and maintenance, office supplies and expense, and other expenses, which are allocated on the basis of estimates of time and effort.



Early Learning Coalition of Pinellas County, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE J – 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 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:

	<u>2022</u>	<u>2021</u>
Cash	\$ 4,015,882	\$ 4,561,921
Grants receivable	1,041,509	2,084,499
Due from providers	<u>347,819</u>	<u>1,022,223</u>
Total financial assets available within one year	<u>5,405,210</u>	<u>7,668,643</u>
Less:		
Accounts payable	(4,328,153)	(6,628,050)
Accrued liabilities	(545,868)	(477,213)
Deferred revenue	<u>(52,875)</u>	<u>(90,747)</u>
Total amounts unavailable for general expenditures within one year	<u>(4,926,896)</u>	<u>(7,196,010)</u>
Total financial assets available to management for general expenditure within one year	<u>\$ 478,314</u>	<u>\$ 472,633</u>

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 97% of funding from federal and state grants passed through DEL for the years ended June 30, 2022 and 2021, which are on a reimbursable basis. Throughout the year, the Coalition receives advances and reimbursements each month to cover incurred expenses.

Early Learning Coalition of Pinellas County, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE L – CONTRIBUTED NON-FINANCIAL ASSETS

Contributed non-financial assets that are measurable are recorded as support at their fair values at the date of receipt by the Coalition. The contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

Upon receipt of contributions of non-financial assets, a corresponding amount is recorded as an expense or is capitalized as property and equipment. Professional fees include accounting services.

For the years ended June 30, contributed non-financial assets recognized as revenue and expense within the Statements of Activities and Changes in Net Assets and Statements of Functional expenses included:

	<u>2022</u>	<u>2021</u>
Professional fees	<u>\$ -</u>	<u>\$ 4,000</u>

**SUPPLEMENTAL INFORMATION**



**Partners**

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Joe M. Krusick  
Cori G. Cameron  
Bob P. Marchewka  
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**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors  
Early Learning Coalition of Pinellas County, Inc.  
Clearwater, 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 Early Learning Coalition of Pinellas 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 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 26, 2023.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Coalition’s internal control over financial reporting (internal control) as a basis for designing 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. 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 or significant deficiencies may exist that were not identified.

**Report on 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 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 26, 2023



**Partners**

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

To the Board of Directors  
Early Learning Coalition of Pinellas County, Inc.  
Clearwater, Florida

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

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

We have audited the Early Learning Coalition of Pinellas County, Inc.’s (the “Coalition”) compliance with the types of compliance requirements identified as subject to audit 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 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.

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

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); Chapter 10.650, *Rules of the Auditor General*, and special audit guidance provided by the Division of Early Learning. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Coalition and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program and state project. Our audit does not provide a legal determination of the Coalition’s compliance with the compliance requirements referred to above.

**Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Coalition’s federal programs and state projects.

**Auditor’s Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Coalition’s compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance and Chapter 10.650, *Rules of the Auditor General* will always detect material noncompliance when it exists.

### ***Auditor's Responsibilities for the Audit of Compliance (continued)***

The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Coalition's compliance with the requirements of each major federal program and state project as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.650 *Rules of the Auditor General*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Coalition's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Coalition's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Coalition's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on 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 and 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 and 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 and 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 26, 2023

**Early Learning Coalition of Pinellas County, Inc.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**

**June 30, 2022**

**Section I – Summary of Auditor’s Results**

**Financial Statements**

- |   |               |
|---|---------------|
| 1. Type of auditor’s 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 auditor’s 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                            | \$1,822,083   |
| 5. Auditee qualified as a low-risk auditee?   | Yes           |

Identification of major programs:

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



**Early Learning Coalition of Pinellas County, Inc.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**

**June 30, 2022**

**Section I – Summary of Auditor’s Results (continued)**

**State Financial Assistance**

- |  |               |
|--|---------------|
| 1. Type of auditor’s 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 Projects</u>	<u>CSFA Number</u>
Voluntary Pre-Kindergarten Education Program	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, 2022 | 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 audit findings

**Early Learning Coalition of Pinellas County, Inc.**

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

**Year Ended June 30, 2022**

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 Division of Early Learning</i>			
Child Care and Development Block Grant	93.575	EL412	\$ 21,434,069
Child Care and Development Block Grant	93.575	EL413	<u>4,682</u>
Total Child Care and Development Block Grant			21,438,751
Coronavirus Response and Relief Supplemental Appropriations Funds	93.575	EL412	14,793,783
Coronavirus Response and Relief Supplemental Appropriations Funds	93.575	EL413	<u>41,571</u>
Total Coronavirus Response and Relief Supplemental Appropriations Funds			14,835,354
American Rescue Plan Act	93.575	EL412	5,807,805
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	EL412	<u>8,655,098</u>
Total Child Care Cluster			50,737,008
Temporary Assistance for Needy Families	93.558	EL412	9,598,655
Preschool Development Grant	93.434	EL412	279,860
Social Services Block Grant	93.667	EL412	28,184
<b>U.S. Department of Education</b>			
<i>Passed through Division of Early Learning</i>			
Education Stabilization Fund	84.425D	EL412	<u>92,400</u>
Total Expenditures of Federal Awards			<u>\$ 60,736,107</u>
<b>State Financial Assistance:</b>			
<b>State of Florida Department of Education</b>			
<i>Passed through Division of Early Learning</i>			
Voluntary Pre-Kindergarten Education Program	48.108	EL412	<u>\$ 13,168,349</u>
Total Expenditures of Federal Awards and State Financial Assistance			<u>\$ 73,904,456</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, 2022. The indirect cost rates used on the Coalition's federal programs and state projects are determined by the relevant federal or state agency.

See independent auditor's report.