

**HILLSBOROUGH COUNTY SCHOOL  
READINESS COALITION, INC.**  
(d/b/a Early Learning Coalition of  
Hillsborough County, Inc.)

**FINANCIAL STATEMENTS**

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

# C O N T E N T S

---

	<u>Page Number</u>
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statements of Financial Position	4
Statements of Activities	5
Statements of Functional Expenses	6
Statements of Cash Flows	8
Notes to Financial Statements	10
Schedule of Expenditures of Federal Awards and State Financial Assistance	15
Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance	16
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 <i>GOVERNMENT AUDITING STANDARDS</i>	17
INDEPENDENT AUDITOR'S MANAGEMENT LETTER	19
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE AND CHAPTER 10.650, <i>RULES OF THE AUDITOR GENERAL</i>	21
Schedule of Findings and Questioned Costs	23



Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
The Hillsborough County School Readiness Coalition, Inc.  
d/b/a Early Learning Coalition of Hillsborough County, Inc.  
Tampa, Florida

### **Opinion**

We have audited the accompanying statements of financial position of The Hillsborough County School Readiness Coalition, Inc. d/b/a Early Learning Coalition of Hillsborough County (the "Coalition") as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the consolidated financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Coalition as of June 30, 2022, and 2021, and the results of their operations and their 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. 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

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

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.

To the Board of Directors of  
The Hillsborough County School Readiness Coalition, Inc.  
d/b/a Early Learning Coalition of Hillsborough County, Inc.

### **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 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, including omissions, 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, 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.

To the Board of Directors of  
The Hillsborough County School Readiness Coalition, Inc.  
d/b/a Early Learning Coalition of Hillsborough County, Inc.

### **Supplementary Information**

Our audits were 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 is presented for purposes of additional analysis, as required by Title 2 *U.S. Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and Chapter 10.650, *Rules of the Auditor General*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2023, on our consideration of the Coalition's internal control over financial reporting and 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.

**MSL, P.A.**

Certified Public Accountants

Tampa, Florida  
March 30, 2023

**HILLSBOROUGH COUNTY SCHOOL READINESS COALITION, INC.**  
**d/b/a Early Learning Coalition of Hillsborough County, Inc.**

**STATEMENTS OF FINANCIAL POSITION**

**June 30, 2022 and 2021**

<b>ASSETS</b>		<u>2022</u>	<u>2021</u>
<b>CURRENT ASSETS</b>			
Cash		\$ 6,142,235	\$ 7,485,743
Grants receivable		<u>8,596,497</u>	<u>5,276,784</u>
TOTAL CURRENT ASSETS		14,738,732	12,762,527
<b>DEPOSITS</b>			
		<u>63,643</u>	<u>63,344</u>
TOTAL ASSETS		<u>\$ 14,802,375</u>	<u>\$ 12,825,871</u>
 <b>LIABILITIES AND NET ASSETS</b>  			
<b>CURRENT LIABILITIES</b>			
Accounts and provider payables and accrued expenses		\$ 9,823,616	\$ 8,662,102
Deferred revenue		61,374	-
Due to School District of Hillsborough County		<u>49,000</u>	<u>61,250</u>
TOTAL CURRENT LIABILITIES		9,933,990	8,723,352
<b>NET ASSETS</b>			
		<u>4,868,385</u>	<u>4,102,519</u>
TOTAL LIABILITIES AND NET ASSETS		<u>\$ 14,802,375</u>	<u>\$ 12,825,871</u>

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

**HILLSBOROUGH COUNTY SCHOOL READINESS COALITION, INC.**  
**d/b/a Early Learning Coalition of Hillsborough County, Inc.**

**STATEMENTS OF ACTIVITIES**

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

	<b>2022</b>	<b>2021</b>
REVENUES AND SUPPORT		
Program support:		
Federal and state grant revenue - general	\$ 93,063,032	\$ 81,105,149
Federal and state grant revenue - CARES, CRRSA, and ARPA	35,265,100	16,291,093
Local gifts and grant revenue and other	2,473,141	2,746,033
TOTAL REVENUES AND SUPPORT	<b>130,801,273</b>	100,142,275
EXPENSES		
Program services:		
School Readiness	99,447,310	73,980,234
Voluntary Pre-K	24,635,994	20,846,618
Other programs	2,202,076	2,465,573
TOTAL PROGRAM SERVICES	<b>126,285,380</b>	97,292,425
Supporting services:		
Management and general	3,750,027	3,045,690
TOTAL EXPENSES	<b>130,035,407</b>	100,338,115
CHANGE IN NET ASSETS	<b>765,866</b>	(195,840)
NET ASSETS WITHOUT DONOR RESTRICTIONS, BEGINNING OF YEAR	<b>4,102,519</b>	4,298,359
NET ASSETS WITHOUT DONOR RESTRICTIONS, END OF YEAR	<b>\$ 4,868,385</b>	\$ 4,102,519

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

**HILLSBOROUGH COUNTY SCHOOL READINESS COALITION, INC.**  
**d/b/a Early Learning Coalition of Hillsborough County, Inc.**

**STATEMENTS OF FUNCTIONAL EXPENSES**

**Year Ended June 30, 2022**

	<u>Program Services</u>			<u>Total</u>	<u>Support Services</u>	<u>2022</u>
	<u>School Readiness</u>	<u>Voluntary Pre-K</u>	<u>Other Programs</u>		<u>Management and General</u>	
Salaries and related taxes	\$ 5,548,615	\$ 224,718	\$ 28,543	\$ 5,801,876	1,758,636	\$ 7,560,512
Fringe benefits	1,265,259	69,396	5,743	1,340,398	753,912	2,094,310
TOTAL SALARIES AND RELATED EXPENSES	6,813,874	294,114	34,286	7,142,274	2,512,548	9,654,822
Payments to providers	88,449,251	24,193,333	1,853,792	114,496,376	-	114,496,376
Contractual services	1,340,596	121,322	62,830	1,524,748	497,757	2,022,505
Office supplies and equipment	1,232,715	150	196,453	1,429,318	266,215	1,695,533
Payments to subrecipients	1,144,875	-	-	1,144,875	-	1,144,875
Rent and utilities	363,993	23,715	11	387,719	126,968	514,687
Staff training and development	22,238	-	49,404	71,642	66,738	138,380
Accounting and auditing	-	-	-	-	101,072	101,072
Insurance	-	-	7	7	82,499	82,506
Printing and copying	19,644	-	2,058	21,702	16,236	37,938
Travel	18,927	3,356	302	22,585	12,497	35,082
Dues and memberships	6,095	-	181	6,276	23,462	29,738
Postage and shipping	21,102	4	-	21,106	4,908	26,014
Telephone and communication	-	-	-	-	25,633	25,633
Maintenance contracts	14,000	-	-	14,000	3,852	17,852
Bank charges	-	-	-	-	6,878	6,878
Other	-	-	2,752	2,752	2,764	5,516
TOTAL EXPENSES	<u>\$ 99,447,310</u>	<u>\$ 24,635,994</u>	<u>\$ 2,202,076</u>	<u>\$ 126,285,380</u>	<u>\$ 3,750,027</u>	<u>\$ 130,035,407</u>

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



**HILLSBOROUGH COUNTY SCHOOL READINESS COALITION, INC.**  
**d/b/a Early Learning Coalition of Hillsborough County, Inc.**

**STATEMENTS OF FUNCTIONAL EXPENSES (Continued)**

**Year Ended June 30, 2021**

	Program Services			Total	Support Services	2021
	School Readiness	Voluntary Pre-K	Other Programs		Management and General	
Salaries and related taxes	\$ 4,213,161	\$ 308,171	\$ 116,712	\$ 4,638,044	\$ 1,646,252	\$ 6,284,296
Fringe benefits	1,470,014	75,534	36,241	1,581,789	381,236	1,963,025
<b>TOTAL SALARIES AND RELATED EXPENSES</b>	<b>5,683,175</b>	<b>383,705</b>	<b>152,953</b>	<b>6,219,833</b>	<b>2,027,488</b>	<b>8,247,321</b>
Payments to providers	65,352,558	20,446,506	2,025,555	87,824,619	-	87,824,619
Contractual services	965,142	625	86,923	1,052,690	251,608	1,304,298
Payments to subrecipients	1,138,493	-	-	1,138,493	18,171	1,156,664
Office supplies and equipment	706,995	443	186,045	893,483	111,620	1,005,103
Rent and utilities	95,473	14,793	100	110,366	362,990	473,356
Accounting and auditing	-	-	3,510	3,510	82,376	85,886
Insurance	-	-	7	7	60,885	60,892
Staff training and development	17,589	-	6,653	24,242	23,665	47,907
Telephone and communication	100	-	2,114	2,214	34,807	37,021
Dues and memberships	6,095	-	-	6,095	29,222	35,317
Printing and copying	5,716	-	217	5,933	11,318	17,251
Bank charges	-	-	-	-	16,763	16,763
Postage and shipping	958	12	283	1,253	7,765	9,018
Travel	7,940	534	175	8,649	170	8,819
Maintenance contracts	-	-	-	-	4,384	4,384
Other	-	-	1,038	1,038	2,458	3,496
<b>TOTAL EXPENSES</b>	<b>\$ 73,980,234</b>	<b>\$ 20,846,618</b>	<b>\$ 2,465,573</b>	<b>\$ 97,292,425</b>	<b>\$ 3,045,690</b>	<b>\$ 100,338,115</b>

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

**HILLSBOROUGH COUNTY SCHOOL READINESS COALITION, INC.**  
**d/b/a Early Learning Coalition of Hillsborough County, Inc.**

**STATEMENTS OF CASH FLOWS**

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

	2022	2021
OPERATING ACTIVITIES		
Cash received from:		
Grant income	\$ 125,069,793	\$ 104,549,593
Other income	<u>2,473,141</u>	<u>2,746,033</u>
TOTAL CASH RECEIVED	<b>127,542,934</b>	107,295,626
Cash paid for:		
Program services	125,136,415	102,146,696
Administrative expenses	<u>3,750,027</u>	<u>3,045,690</u>
TOTAL CASH PAID	<u>128,886,442</u>	<u>105,192,386</u>
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	<u>(1,343,508)</u>	<u>2,103,240</u>
NET CHANGE IN CASH	<b>(1,343,508)</b>	2,103,240
CASH - BEGINNING OF YEAR	<u>7,485,743</u>	<u>5,382,503</u>
CASH - END OF YEAR	<u><b>\$ 6,142,235</b></u>	<u><b>\$ 7,485,743</b></u>

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

**HILLSBOROUGH COUNTY SCHOOL READINESS COALITION, INC.**  
**d/b/a Early Learning Coalition of Hillsborough County, Inc.**

**STATEMENTS OF CASH FLOWS (Continued)**

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

	<b>2022</b>	<b>2021</b>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES		
Change in net assets	\$ 765,866	\$ (195,840)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
(Increase) decrease in grants receivable	(3,319,713)	7,153,351
Increase in deposits	(299)	-
Increase (decrease) in accounts payable and accrued expenses	1,161,514	(4,866,503)
Increase in deferred revenue	61,374	-
(Decrease) increase in due to School District of Hillsborough County	(12,250)	12,232
	<b>\$ (1,343,508)</b>	<b>\$ 2,103,240</b>
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES		

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

**HILLSBOROUGH COUNTY SCHOOL READINESS COALITION, INC.**  
**d/b/a Early Learning Coalition of Hillsborough County, Inc.**

**NOTES TO FINANCIAL STATEMENTS**

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

**NOTE 1 - NATURE OF ORGANIZATION**

Hillsborough County School Readiness Coalition, Inc. d/b/a Early Learning Coalition of Hillsborough County, Inc. (the “Coalition”) is a not-for-profit corporation organized under the laws of the state of Florida. The Coalition’s role is to develop and administer a comprehensive school readiness program and Voluntary Pre-Kindergarten (“VPK”) delivery system that prepares children to succeed in school and in life. This is an ongoing process that involves building on existing services, working in cooperation with other programs for young children, and coordinating and integrating program funding to achieve efficiency and effectiveness. The Coalition provides these services primarily through recurring funding through Florida’s Division of Early Learning (“DEL”).

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES**

**Basis of Accounting**

These financial statements, which are presented on the accrual basis of accounting, have been prepared to focus on the Coalition as a whole and to present revenue, expenses, and net assets based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Net Assets without Donor Restrictions – Net assets not subject to donor-imposed restrictions.

Net Assets with Donor Restrictions – Net assets which are subject to donor-imposed stipulations that may or will be met by actions of the Coalition and/or the passage of time. At June 30, 2022 and 2021, there were no net assets with donor restrictions.

Revenue is reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Federal, state, and local grants are considered exchange transactions and are recorded as unrestricted revenue when earned.

Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenue of net assets without donor restrictions. Contributions are recognized when the donor makes a promise to give to the Coalition, that is, in substance, unconditional.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES**  
*(Continued)*

**Grants Receivable**

Grants receivable are recognized at the net amount that management expects to be collected based on established collection history and primarily represent amounts for services provided and reimbursable expenses requested from the DEL as of June 30, 2022 and 2021.

**Property and Equipment**

The Coalition capitalizes all assets acquired in excess of \$5,000 for property and equipment. Property and equipment are carried at cost for purchased assets and at fair value at date of donation for donated assets. The Coalition has no items recorded that met the capitalization requirement at June 30, 2022 and 2021.

**Revenue Recognition**

The Coalition receives substantially all of its grant revenue from federal and state agencies. Grant revenue is recognized up to the maximum amount provided in the Coalition's contracts, to the extent the performance obligations are satisfied or conditions on grants classified as nonreciprocal are met. Audits of these grants may result in disallowed costs, which may result in a liability to the Coalition. In the opinion of management, disallowed costs, if any, would not be material to the financial statements.

**Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs are directly attributed to the specific program or supporting service, and other costs have been allocated. Salaries are allocated based on actual time spent and other expenses are allocated based on direct usage or management's estimates of the benefit derived by each activity.

**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 the reported amounts of assets and liabilities and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Income Taxes**

The Coalition is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from state income taxes under similar provisions of the Florida Income Tax Code. Accordingly, no provision for income taxes has been included in the accompanying financial statements. The Coalition is subject to the accounting standards on accounting for uncertainty in income taxes. Management does not believe it has taken any tax positions that are subject to a significant degree of uncertainty.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES**  
*(Continued)*

**New Accounting Standards**

The Coalition expects to adopt the provisions of *Leases* (Topic 842) for the year ended June 30, 2023. The provisions of Topic 842 requires organizations to recognize most leases on the balance sheets as lease liabilities with a right-to-use asset.

**NOTE 3 - LIQUIDITY ANALYSIS**

The table below represents financial assets available to meet cash needs for general expenditures within one year at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Cash	<b>\$ 6,142,235</b>	\$ 7,485,743
Grants receivable	<b>8,596,497</b>	5,276,784
	<b><u>\$ 14,738,732</u></b>	<b><u>\$ 12,762,527</u></b>

As part of a cash and liquidity management policy, the Coalition structures its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

**NOTE 4 - RELATED PARTIES**

Certain members of the Board of Directors are mandated in the State of Florida School Readiness Act. This includes (a) a district superintendent of schools (or permanent designee) from the School District of Hillsborough County (“SDHC”), (b) the Executive Director of the Children’s Board of Hillsborough County (“CBHC”), (c) the Hillsborough County Board of County Commissioners (“BOCC”) county commissioner, and (d) the agency head of the BOCC Child Care Licensing Agency.

Approximately \$1,341,000 and \$1,344,000 was paid by the Coalition for services provided by the SDHC and the BOCC for the years ended June 30, 2022 and 2021, respectively. Payments to the BOCC are for compliance with Hillsborough County’s local childcare licensing ordinance. In addition, the Coalition received matching funds from the BOCC, which are designated to be used only for the school readiness and VPK programs, of approximately \$516,000 and \$430,000 for the years ended June 30, 2022 and 2021, respectively.

The Coalition received funding from the CBHC for the local match in the school readiness program of approximately \$733,000 and \$697,000 for the years ended June 30, 2022 and 2021, respectively.

**NOTE 5 - DEFERRED COMPENSATION PLAN**

The Coalition sponsors a 401(k) Deferred Compensation Plan (the “Plan”) and makes both Employer Safe Harbor and Employer Profit Sharing Contributions to the Plan.

The Employer Safe Harbor portion of the Plan provides that the employer matches 100% on the first 4% contributed by the employee. Vesting is simultaneous with the contribution. Employees are allowed to contribute on a pre-tax basis, not to exceed amounts dictated by U.S. Treasury regulations.

The Employer Profit Sharing portion of the Plan provides that the Coalition contribute 6% of an employee’s salary for the years ended June 30, 2022 and 2021. Vesting is 100% after six years of employment with the Coalition, with a 20% increase in vesting for each year of employment after the second year of employment.

**NOTE 6 - CONCENTRATIONS AND GOVERNMENT SUPPORT**

The Coalition receives a substantial amount of support from federal, state, and local government agencies. Governmental funding for programs is subject to statutory and regulatory changes, administrative rulings, interpretations of policy, intermediary determinations, and governmental funding restrictions. A reduction in the level of future support from the federal, state or local governmental agencies could have a substantial effect on the Coalition’s programs and activities.

**NOTE 7 - OPERATING LEASE**

The Coalition leases its office space under an operating lease that is set to expire in July 2026 with the ability to extend the lease for one additional term of five years. Total rent expense was approximately \$388,000 and \$377,000 for the years ended June 30, 2022 and 2021, respectively.

Approximate future minimum lease payments under the operating lease as of June 30, 2022, are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	\$ 400,000
2024	412,000
2025	424,000
2026	252,000
	<u>\$ 1,488,000</u>

The Coalition has the option to cancel its office space lease if the Coalition receives more than a 50% decrease in funding from the DEL in any fiscal year.

## **NOTE 8 - COMMITMENTS AND CONTINGENCIES**

### **Compliance**

The Coalition may be 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.

### **COVID-19**

On March 11, 2020, the World Health Organization declared a new coronavirus disease (“COVID-19”) a pandemic. COVID-19 has had a severe impact on the economy in general. The extent of COVID-19’s effect on the Coalition’s operational and financial performance will depend on future developments, including the duration, spread and intensity of the pandemic, all of which are uncertain and difficult to predict considering the rapidly evolving landscape. As a result, it is not currently possible to ascertain the potential impact of COVID-19 on the Coalition. However, if the pandemic continues to evolve into a severe worldwide health crisis, the disease could have a material adverse effect on the Coalition’s business, results of operations, financial condition and cash flows. These financial statements do not include any adjustments related to the ultimate outcome of these uncertainties.

## **NOTE 9 - SUBSEQUENT EVENT**

The Coalition has evaluated events and transactions for potential recognition or disclosure in the financial statements through March 30, 2023, which is the date the financial statements were available to be issued.



**HILLSBOROUGH COUNTY SCHOOL READINESS COALITION, INC.**  
**d/b/a Early Learning Coalition of Hillsborough County, Inc.**

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

**Year Ended June 30, 2022**

<u>Federal Agency/State Agency/Pass-Through Grantor/ Program Title</u>	<u>Grant Period</u>	<u>Federal AL #</u>	<u>Contract #</u>	<u>Federal Expenditures</u>	<u>Transferred to Subrecipient</u>
<b>FEDERAL AWARDS</b>					
<b>U.S. Department of Health and Human Services:</b>					
<b>Child Care Development Fund (CCDF) Cluster:</b>					
<i>Passed through State of Florida Division of Early Learning</i>					
Child Care Development Block Grant	7/1/21-6/30/22	93.575	EL252	\$ 65,119,461	\$ 2,057,236
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	7/1/21-6/30/22	93.596	EL252	21,394,784	-
<b>Total Child Care Development Fund (CCDF) Cluster</b>				<u>86,514,245</u>	<u>2,057,236</u>
<i>Passed through State of Florida Division of Early Learning</i>					
Preschool Development Grant	7/1/21-6/30/22	93.434	EL252	231,464	-
Temporary Assistance for Needy Families	7/1/21-6/30/22	93.558	EL252	16,590,253	-
Social Services Block Grant	7/1/21-6/30/22	93.667	EL252	45,732	-
<b>Total Expenditures of Federal Awards</b>				<u>103,381,694</u>	<u>2,057,236</u>
	<u>Grant Period</u>	<u>State CSFA #</u>	<u>Contract #</u>	<u>State Expenditures</u>	<u>Transferred to Subrecipient</u>
<b>STATE FINANCIAL ASSISTANCE</b>					
<b>State of Florida Division of Early Learning</b>					
Voluntary Pre-K	7/1/21-6/30/22	48.108	EL252	24,930,447	-
<b>Total Expenditures of State Financial Assistance</b>				<u>24,930,447</u>	<u>-</u>
<u>Grantor/Pass-Through Grantor Program Title</u>	<u>Grant Period</u>	<u>Federal AL #</u>	<u>Contract #</u>	<u>Local Expenditures</u>	<u>Transferred to Subrecipient</u>
<b>STATE MATCHING AND LOCAL FUNDS</b>					
<b>State of Florida Division of Early Learning</b>					
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	7/1/21-6/30/22	93.596	EL252	1,197,591	-
<b>Total State Matching and Local Funds</b>				<u>1,197,591</u>	<u>-</u>
<b>Total Federal Awards, State Financial Assistance, and Local Funds</b>				<u>\$ 129,509,732</u>	<u>\$ 2,057,236</u>

**HILLSBOROUGH COUNTY SCHOOL READINESS COALITION, INC.**  
**d/b/a Early Learning Coalition of Hillsborough County, Inc.**

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

**Year Ended June 30, 2022**

**(1) General:**

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance include 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), Chapter 10.650, *Rules of the Auditor General*, and the Rules of the Executive Office of the Governor 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.

Indirect cost rate is dictated by federal and state contract terms. The 10-percent de minimis indirect cost rate, as allowed under the Uniform Guidance, is not in effect nor is it available under these contracts.

**(2) Other State Financial Assistance Received:**

The Coalition received funding from the DEL that was not subject to Section 215.97, Florida Statutes, as follows:

<b>Florida's Office of Early Learning</b>	<b>Contract Number</b>	<b>Current Year Expenditure</b>
<b>A. Matching Funds for Federal Programs:</b>		
State Matching Funds - 93.596 School Readiness		
CCDF Mandatory and Matching	EL252	\$ 1,197,591

**(3) Reconciliation to Statewide School Readiness Data and Reporting System:**

The Coalition performs reconciliations of its financial reports to the Statewide School Readiness Data and Reporting System in a timely and satisfactory manner.



Certified Public Accountants

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

We have audited the accompanying financial statements of The Hillsborough County School Readiness Coalition, Inc. d/b/a Early Learning Coalition of Hillsborough County (the “Coalition”), as of and for the year ended June 30, 2022, and have issued our report thereon dated March 30, 2023. 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.

**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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions 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 may exist that have not been identified.

To the Board of Directors of  
The Hillsborough County School Readiness Coalition, Inc.  
d/b/a Early Learning Coalition of Hillsborough County, Inc.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Coalition's financial statements are free of 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 the tests disclosed no instances of noncompliance or other matters that are required to be reported under *Governmental 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**MSL, P.A.**

Certified Public Accountants

Tampa, Florida  
March 30, 2023



## INDEPENDENT AUDITOR'S MANAGEMENT LETTER

To the Board of Directors of  
The Hillsborough County School Readiness Coalition, Inc.  
d/b/a Early Learning Coalition of Hillsborough County, Inc.  
Tampa, Florida

### **Report on the Financial Statements**

We have audited the financial statements of The Hillsborough County School Readiness Coalition, Inc. d/b/a Early Learning Coalition of Hillsborough County (the "Coalition") as of and for the year ended June 30, 2022, and have issued our report thereon dated March 30, 2023.

### **Auditor's Responsibility**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; 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*.

### **Other Reporting Requirements**

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and on Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditor's Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance in Accordance with the Uniform Guidance and Chapter 10.650, *Rules of the Auditor General*, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated March 30, 2023, should be considered in conjunction with this management letter.

### **Additional Matters**

Section 10.654(1)(e), *Rules of the Auditor General*, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements or state project amounts that is less than material but which warrants the attention of those charged with governance. The results of the tests disclosed no instances of noncompliance or other matters that are required to be reported under *Governmental Auditing Standards*.

To the Board of Directors of  
The Hillsborough County School Readiness Coalition, Inc.  
d/b/a Early Learning Coalition of Hillsborough County, Inc.

**Purpose of the Letter**

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, federal and other granting agencies, the Board of Directors, and applicable management and is not intended to be, and should not be, used by anyone other than these specified parties.

**MSL, P.A.**

Certified Public Accountants

Tampa, Florida  
March 30, 2023



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

To the Board of Directors of  
The Hillsborough County School Readiness Coalition, Inc.  
d/b/a Early Learning Coalition of Hillsborough County, Inc.  
Tampa, Florida

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

We have audited the compliance of The Hillsborough County School Readiness Coalition, Inc. d/b/a Early Learning Coalition of Hillsborough County (the "Coalition") with the types of compliance requirements described in the U.S. Office of Management and Budget ("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 its major federal programs and state project for the year ended June 30, 2022. The Coalition's major federal programs and state project 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 project.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Coalition's major federal programs and state project 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; 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, the Uniform Guidance, and Chapter 10.650, *Rules of the Auditor General*, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about the 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. However, our audit does not provide a legal determination on the Coalition's compliance with those requirements.

To the Board of Directors of  
The Hillsborough County School Readiness Coalition, Inc.  
d/b/a Early Learning Coalition of Hillsborough County, Inc.

### **Opinion on Child Care Development Fund Cluster, Temporary Assistance For Needy Families, and Voluntary Pre-Kindergarten Education Program**

In our opinion, the Coalition complied, in all material respects, with the types of compliance requirements referred to in the first paragraph that could have a direct and material effect on Assisted Listing Number (“ALN”) 93.575 and ALN 93.596 Child Care Development Fund Cluster, ALN 93.558 Temporary Assistance For Needy Families (“TANF”), and CSFA 48.108 Voluntary Pre-Kindergarten Education Program for the year ended June 30, 2022.

### **Report on Internal Control over Compliance**

The management of the Coalition is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs and the state project. In planning and performing our audit, we considered the Coalition’s internal control over compliance with the requirements that could have a direct and material effect on a major federal program or state project to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with Uniform Guidance and Chapter 10.650, *Rules of the Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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 or state project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or state project will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with the type of compliance requirement of a federal program or state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

### **Purpose of this Report**

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 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.

**MSL, P.A.**

Certified Public Accountants

Tampa, Florida  
March 30, 2023



**HILLSBOROUGH COUNTY SCHOOL READINESS COALITION, INC.  
d/b/a Early Learning Coalition of Hillsborough County, Inc.**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**Year Ended June 30, 2022**

**Section I - Summary of Independent Auditor's Results**

***Financial Statements***

Type of Auditor's Report Issued:

**Unmodified Opinion**

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_ Yes       X  No
- Significant deficiency(ies) identified? \_\_\_ Yes       X  None reported
- Noncompliance material to financial statements noted? \_\_\_ Yes       X  No

***Federal Awards***

Internal control over major programs:

- Material weakness(es) identified? \_\_\_ Yes       X  No
- Significant deficiency(ies) identified? \_\_\_ Yes       X  None reported

Type of report issued on compliance for major federal program:

**Unmodified**

Any audit findings disclosed that are required to be reported in accordance with Section 200.516 of the Uniform Guidance? \_\_\_ Yes       X  No

Identification of Major Federal Programs:

**Federal Assistance**

**Listing Numbers**

**Name of Federal Program or Cluster**

93.575 and 93.596

Child Care Development Fund Cluster

93.558

Temporary Assistance For Needy Families

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

\$3,000,000

Auditee qualified as low-risk auditee?

X  Yes      \_\_\_ No

**HILLSBOROUGH COUNTY SCHOOL READINESS COALITION, INC.**  
**d/b/a Early Learning Coalition of Hillsborough County, Inc.**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*Continued*)**

**Year Ended June 30, 2022**

**Section I - Summary of Independent Auditor's Results (*Continued*)**

***State Financial Assistance***

Internal control over major project:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None reported

Type of report issued on compliance for major state project: **Unmodified**

Any audit findings disclosed that are required to be reported in accordance with *Rules of the Auditor General*, Chapter 10.656?  Yes  No

Identification of Major State Project:

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

Dollar threshold used to distinguish between  
Type A and Type B projects: \$747,913

The Florida Office of Early Learning's grant terms require auditors to test and report on whether the Coalition's monthly reconciliation of its financial records to the statewide School Readiness Data and Reporting System was completed in an accurate and timely manner. Based on our testing, we confirm that the Coalition completed the required monthly reconciliations in a timely and satisfactory manner.

**Section II - Findings Related to the Financial Statement Audit, as Required to be Reported  
in accordance with *Government Auditing Standards***

None reported.

**Section III - Findings and Questioned Costs for Federal Awards and State Financial Assistance  
Reported in accordance with the Uniform Guidance and *Rules of the Auditor General*,  
Chapter 10.650**

None reported.