

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

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

**Year Ended  
June 30, 2023**

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## INDEPENDENT AUDITOR'S REPORT

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American Institute of  
Certified Public  
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To the Board of Directors of  
Early Learning Coalition of Brevard County, Inc.  
Rockledge, Florida

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

#### **Opinion**

We have audited the accompanying financial statements of Early Learning Coalition of Brevard County, Inc. (the "Coalition") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Early Learning Coalition of Brevard County, Inc., as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Coalition and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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

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

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

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

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

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Coalition's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Coalition's ability to continue as a going concern for a reasonable period of time.

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

### **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying 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 February 20, 2024, on our consideration of the Coalition's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Coalition's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Coalition's internal control over financial reporting and compliance.

*Moss, Krusick & Associates, LLC*

Winter Park, Florida  
February 20, 2024

Early Learning Coalition of Brevard County, Inc.

STATEMENT OF FINANCIAL POSITION

June 30, 2023

ASSETS

Assets	
Cash and cash equivalents	\$ 7,457,546
Grants and accounts receivable	515,822
United Way receivable	267,000
Prepaid expenses	205,015
Furniture and equipment, net	70,895
Operating lease right-of-use asset	<u>1,185,169</u>
Total assets	<u>\$ 9,701,447</u>

LIABILITIES AND NET ASSETS

Liabilities	
Accounts payable and accrued expenses	\$ 4,423,963
Deferred revenues	3,755,495
Operating lease liability	<u>1,194,097</u>
Total liabilities	9,373,555
Net assets	
Without donor restriction	60,892
With donor restriction	<u>267,000</u>
Total net assets	<u>327,892</u>
Total liabilities and net assets	<u>\$ 9,701,447</u>

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

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

**STATEMENT OF ACTIVITIES**

**Year Ended June 30, 2023**

	Without Donor Restriction	With Donor Restriction	Total
Revenue and other support:			
Grants-federal	\$ 64,512,531	\$ -	\$ 64,512,531
Grants-state	12,703,446	-	12,703,446
Total grants-federal and state	<u>77,215,977</u>	<u>-</u>	<u>77,215,977</u>
United Way	-	267,000	267,000
Contributed non-financial assets	2,400	-	2,400
Other income	34,430	-	34,430
Net assets released from restrictions	267,000	(267,000)	-
Total revenue and other support	<u>77,519,807</u>	<u>-</u>	<u>77,519,807</u>
Expenses:			
Program services:			
School readiness	26,830,777	-	26,830,777
Voluntary pre-kindergarten	15,464,752	-	15,464,752
Other	33,253,103	-	33,253,103
Total program services:	<u>75,548,632</u>	<u>-</u>	<u>75,548,632</u>
			-
Supporting services:			
Management and general	1,871,099	-	1,871,099
Total supporting services	<u>1,871,099</u>	<u>-</u>	<u>1,871,099</u>
Total expenses	<u>77,419,731</u>	<u>-</u>	<u>77,419,731</u>
Changes in net assets	100,076	-	100,076
Net assets at beginning of year	<u>(39,184)</u>	<u>267,000</u>	<u>227,816</u>
Net assets at end of year	<u>\$ 60,892</u>	<u>\$ 267,000</u>	<u>\$ 327,892</u>

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

Early Learning Coalition of Brevard County, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2023

	Program Services			Supporting Services		Total Expenses
	School Readiness	Voluntary Pre-kindergarten	Other	Total	Management and General	
Salaries	\$ 1,142,139	\$ -	\$ -	\$ 1,142,139	\$ 1,142,139	\$ 2,284,278
Payroll taxes and workers compensation	115,756	-	-	115,756	102,652	218,408
Fringe benefits	227,329	-	-	227,329	277,846	505,175
Total salaries and related expenses	1,485,224	-	-	1,485,224	1,522,637	3,007,861
Direct services	24,290,331	15,464,752	-	39,755,083	-	39,755,083
Provider services	-	-	33,118,058	33,118,058	-	33,118,058
Program enhancements	-	-	135,045	135,045	-	135,045
Public education	25,944	-	-	25,944	7,749	33,693
Computer/networking	25,736	-	-	25,736	57,284	83,020
Professional fees	44,469	-	-	44,469	34,940	79,409
Legal fees	-	-	-	-	2,220	2,220
Repairs and maintenance	5,687	-	-	5,687	4,845	10,532
Equipment rental and expense	6,977	-	-	6,977	5,709	12,686
Occupancy	159,339	-	-	159,339	134,123	293,462
Printing	3,549	-	-	3,549	3,023	6,572
Telephone	11,780	-	-	11,780	8,789	20,569
Utilities	7,278	-	-	7,278	7,278	14,556
Insurance	15,672	-	-	15,672	13,350	29,022
Employment expenses	-	-	-	-	10,821	10,821
Dues and subscriptions	28,974	-	-	28,974	6,360	35,334
Educational supplies	683,290	-	-	683,290	-	683,290
Supplies	10,902	-	-	10,902	15,056	25,958
Non-financial expense	-	-	-	-	2,400	2,400
Total expenses before depreciation and amortization	26,811,030	15,464,752	33,253,103	75,528,885	1,871,099	77,399,984
Depreciation	19,747	-	-	19,747	-	19,747
Total expenses	\$ 26,830,777	\$ 15,464,752	\$ 33,253,103	\$ 75,548,632	\$ 1,871,099	\$ 77,419,731

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

Early Learning Coalition of Brevard County, Inc.

STATEMENT OF CASH FLOWS

Year Ended June 30, 2023

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in net assets	\$ 100,076
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	19,747
Non-cash rent	8,928
Decrease in assets:	
Grants and accounts receivable	2,151,724
United Way receivable	27,714
Prepaid expenses	51,017
Increase (decrease) in liabilities:	
Accounts payable and accrued expenses	1,255,630
Deferred revenues	<u>(275,111)</u>
Net cash provided by operating activities	<u>3,339,725</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of furniture and equipment	<u>(28,124)</u>
<b>Net increase in cash and cash equivalents</b>	3,311,601
<b>Cash and cash equivalents at beginning of year</b>	<u>4,145,945</u>
<b>Cash and cash equivalents at end of year</b>	<u>\$ 7,457,546</u>
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES</b>	
Operating lease right-of-use asset	\$ 1,365,620
Operating lease liability	<u>(1,365,620)</u>

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



## Early Learning Coalition of Brevard County, Inc.

### NOTES TO FINANCIAL STATEMENTS

June 30, 2023

#### NOTE 1 – NATURE OF ORGANIZATION

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

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

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

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

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2023**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

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

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

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

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

**Furniture and Equipment**

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

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

**Accrued Benefits**

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

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

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2023**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Management Estimates**

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

**Income Taxes**

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

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

The U.S. Federal jurisdiction and Florida are the major tax jurisdictions where the Coalition files tax returns. The Coalition is generally no longer subject to U.S. Federal or State examinations by tax authorities for years before 2021.

**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, 2023 are due in less than one year and management believes that all receivables are fully collectible. Accordingly, no allowance for doubtful accounts is considered necessary.

**Receivable from the United Way**

The Coalition has a receivable from the United Way and considers it to be fully collectible. Accordingly, no allowance for doubtful accounts is required. The entire amount is receivable within the next fiscal year and funds are included in net assets with donor restrictions as of June 30, 2023.

**Prepaid Expenses**

Consists of conference and grant expenses paid in advance.

**Revenue Recognition**

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

Early Learning Coalition of Brevard County, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Revenue Recognition (continued)**

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

**Allocation of Functional Expenses**

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

**Recent Accounting Pronouncements Implemented**

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (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 Coalition adopted the lease standard effective July 1, 2022 as disclosed in Note 7.

**Subsequent Events**

The Coalition has evaluated subsequent events through February 20, 2024, which is the date the financial statements were available to be issued.

NOTE 3 – FURNITURE AND EQUIPMENT, NET

Furniture and equipment is comprised of the following as of June 30, 2023:

Equipment	\$ 234,785
Furniture and fixtures	24,092
	<u>258,877</u>
Less: accumulated depreciation	<u>(187,982)</u>
	<u>\$ 70,895</u>

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

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2023**

**NOTE 4 – RETIREMENT PLAN**

The Coalition has a qualified retirement plan for all qualifying employees. All employees over the age of 21 that had worked a minimum of 1,000 regular paid hours and completed one year of service were eligible to participate. These employees are vested immediately in their contributions and matching contributions are vested over a 4-year period of service. On June 1, 2023, the Coalition switched to a new trustee and changed its vesting requirements and matching contributions from 3% to 5%. Employees hired after June 1, 2023 are vested immediately in their contributions and matching contributions are vested over a 3-year period of service. These employees are eligible for matching contributions the month following 60 days of employment. Matching contributions totaled \$46,963 for the year ended June 30, 2023.

**NOTE 5 – CONCENTRATION**

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

The Coalition has \$327,892 in net assets as of June 30, 2023. Substantially, all of the Coalition's support was provided by the Federal government and State of Florida under early childhood education and voluntary pre-kindergarten programs. A significant reduction in this level of support, if this were to occur, would have an adverse effect on the Coalition's programs and activities and its ability to satisfy its financial provider arrangements are only payable from the Coalition upon support provided from the Federal government and the State of Florida. To the extent the subcontracted payment arrangements will not be forthcoming, the Coalition will not be obligated. The Coalition's risk is limited to the support received from the federal and state grants.

**NOTE 6 – COMMITMENTS AND CONTINGENCIES**

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

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

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

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2023**

**NOTE 7 – LEASES**

The Coalition leases office spaces in Rockledge, Melbourne, and Titusville, Florida under operating leases with unrelated parties. The Coalition also leases office equipment under operating leases. As disclosed in Note 2, the Coalition adopted FASB ASU 2016-02. The Coalition leases its office space under operating leases. These leases are the only leases required to be included on the statement of financial position under FASB ASU 2016-02. As a result, adopting FASB ASU 2016-02 had no impact to year statement of financial position information, and because the leases are operating leases, the adoption of this standard has no impact on the results of operations.

The Coalition has elected to apply the short term lease exception to all leases with a term of one year or less. As of June 30, 2023, the Coalition has one short-term lease for the Florida Avenue office building. As of June 30, 2023, the right-of-use (ROU) asset had a balance of \$1,128,292, as shown in the statement of financial position; the lease liability totals \$1,194,097. The lease asset and liability were calculated utilizing the risk-free weighted average discount rate (3.05%), according to the Coalition's elected policy.

Additional information about the Coalition's leases are as follows:

<u>Lease cost (included in occupancy):</u>	
Operating lease cost	\$ 180,451
Total lease cost	\$ 180,451
 <u>Other information:</u>	
Cash paid for amounts included in measuring operating lease liability:	
Operating cash flows from operating lease	\$ 171,523
Total cash paid for amounts included in measuring operating lease liability	\$ 171,523
Weighted-average remaining lease terms (years)	5.67
Weighted-average discount rate	3.05%

The difference between occupancy expense and occupancy paid is non-cash rent.

Maturities of operating lease liabilities as of June 30 are as follows:

	2024	\$ 175,083
	2025	177,256
	2026	150,682
	2027	151,505
	2028	153,777
	Thereafter	638,525
Total lease payments		1,446,828
	Less: interest	(252,731)
Present value of lease liability		\$ 1,194,097

Early Learning Coalition of Brevard County, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

**NOTE 8 – RELATED PARTY TRANSACTIONS**

In accordance with applicable regulations, the Coalition’s Board of Directors includes representatives of private and public sector industries. During the year ended June 30, 2023, the Coalition entered into several contracts with certain private and public sector industries with which certain Coalition Board Members are associated, for the purpose of providing services to participants. Total payments to these organizations during the year ended June 30, 2023 totaled \$1,208,032. Amounts due at June 30, 2023 totaled \$110,360 and were included in accounts payable and accrued expenses on the accompanying statement of financial position.

**NOTE 9 – NET ASSETS WITH DONOR RESTRICTIONS**

As of June 30, 2023, the Coalition’s net assets with donor restrictions totaled \$267,000 and are restricted for United Way sponsored programs. Amounts are held in United Way receivable on the statement of financial position.

**NOTE 10 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

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

Cash and cash equivalents	\$ 7,457,546
Grants and accounts receivable	515,822
	<u>7,973,368</u>
Less:	
Donor imposed time or purpose restriction	<u>267,000</u>
Financial Assets available to meet cash needs for opening expenses within one year:	<u><u>\$ 7,706,368</u></u>

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

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2023**

**NOTE 11 – OFFICE OF EARLY LEARNING - EFS SYSTEM**

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

In order to assure that the children of Brevard County, Florida would continue to be served and that providers were paid timely, DEL instructed the Coalition to make estimated payments throughout fiscal year 2019 and 2020. As of the date of these financial statements, the Coalition has reconciled 100% of the provider payments. Based on the results obtained from those reconciliations, DEL and the Coalition believe that the net overpayment to providers as a result of making estimated payments is \$27,144. During the fiscal year 2023, the Coalition received and paid \$27,144 back to DEL. At June 30, 2023, there were no overpayments to the providers.



**SUPPLEMENTARY INFORMATION**

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

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

**Year Ended June 30, 2023**

<b>Grantor/Pass-Through Grantor Program Title</b>	<b>ALN / CSFA</b>	<b>Contract Number</b>	<b>Expenditures</b>
FEDERAL AWARDS:			
<b>U.S. Department of Education</b>			
Education Stabalization Fund Passed Through Florida's Division of Early Learning	84.425D	EL083	\$ 75,360
<b>Total U.S. Department of Education</b>			<u>75,360</u>
<b>U.S. Department of Health and Human Services</b>			
Temporary Assistance for Needy Families Program:			
Passed Through Florida's Division of Early Learning	93.558	EL083	2,717,659
Child Care and Development Block Grant	93.575	EL083	11,008,322
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	EL083	5,334,044
Coronavirus Response and Relief Supplemental Appropriation Funds	93.575	EL083	2,706,921
Coronavirus Response and Relief Supplemental Appropriation Funds	93.575	EL084	231,477
Coronavirus Aid, Relief and Economic Security Act	93.575	EL083	206,537
American Rescus Plan Act	93.575	EL083	41,912,812
American Rescus Plan Act	93.575	EL084	179,950
<b>CCDF Cluster Total</b>			<u>61,580,063</u>
Social Services Block Grant Passed Through Florida's Division of Early Learning	93.667	EL083	6,091
Every Student Succeeds Act/Preschool Development Grants Passed Through Florida's Division of Early Learning	93.434	EL083	95,898
<b>Total U.S. Department of Health and Human Services</b>			<u>64,399,711</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 64,475,071</u>
STATE AWARDS:			
<b>State of Florida Department of Education</b>			
Florida Department of Education, Division of Early Learning Voluntary Pre-Kindergarten Education Program for 2022-2023 Fiscal Year	48.108	EL083	\$ 12,703,446
<b>Total State Expenditures</b>			<u>\$ 12,703,446</u>
<b>Total Federal and State Expenditures</b>			<u>\$ 77,178,517</u>

See independent auditor's report.

**Early Learning Coalition of Brevard County, Inc.**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE  
FINANCIAL ASSISTANCE**  
**Year Ended June 30, 2023**

**NOTE 1 – GENERAL**

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

**NOTE 2 – BASIS OF ACCOUNTING**

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance is presented using the accrual basis of accounting and includes expenses incurred by the Coalition during the year ended June 30, 2023.

**NOTE 3 – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance includes the federal and state grant activity of the Coalition during its fiscal year July 1, 2022 to June 30, 2023. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance and Chapter 10.650, *Rules of the Auditor General* of the State of Florida. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

**NOTE 4 – INDIRECT COST RATE**

The Coalition has elected not to use the de minimis indirect cost rate for its federal programs and state projects for the year ended June 30, 2023. The indirect cost rates used on the Coalition's federal programs and state projects are determined by the relevant federal or state agency.



**Partners**

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Cori G. Cameron  
Bob P. Marchewka  
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Renee C. Varga  
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American Institute of  
Certified Public  
Accountants

Florida Institute of  
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  
Early Learning Coalition of Brevard County, Inc.  
Rockledge, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Early Learning Coalition of Brevard County, Inc. (the “Coalition”) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expense, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 20, 2024.

**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  
February 20, 2024



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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 of  
Early Learning Coalition of Brevard County, Inc.  
Rockledge, Florida

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

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

We have audited Early Learning Coalition of Brevard County, Inc.'s (the "Coalition") (a nonprofit organization) 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*, special audit guidance provided by the Division of Early Learning that could have a direct and material effect on each of Coalition's major federal programs and state projects for the year ended June 30, 2023. 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, 2023.

***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, the Uniform Guidance, and Chapter 10.650 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*, 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.

### ***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and Chapter 10.650, *Rules of the Auditor General*, and which are described in the accompanying schedule of findings and questioned costs as items 2023-001. Our opinion on each major federal program is not modified with respect to these matters.

*Government Auditing Standards* requires the auditor to perform limited procedures on the Coalition's response to the noncompliance finding identified in our audit described in the accompanying schedule of findings and questioned costs. The Coalition's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **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 or state project will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program or state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the 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.

**Report on Internal Control over Compliance (continued)**

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  
February 20, 2024

**Early Learning Coalition of Brevard County, Inc.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
**Year Ended June 30, 2023**

**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 Uniform Guidance? | Yes           |
| 4. Dollar threshold used to distinguish between Type A and Type B programs                        | \$1,934,252   |
| 5. Auditee qualified as low-risk auditee?   | No            |

Identification of major programs:

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



**Early Learning Coalition of Brevard County, Inc.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
**Year Ended June 30, 2023**

**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 Project</u>	<u>CSFA Number</u>
Voluntary Pre-Kindergarten	48.108

**Section II – Enhanced Fields System Modernization (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, 2023 | 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)

**Early Learning Coalition of Brevard County, Inc.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
**Year Ended June 30, 2023**

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

2023-001 Late submission of June 30, 2022 audit report – Federal filing

Federal Program: ALN 93.575/93.576/93.558

**Criteria:** The Coalition is required to file its audit report each year to the Federal Audit Clearinghouse within nine months after the end of fiscal year in accordance with 34 CFR 200.512.

**Condition:** The Coalition did not file its fiscal 2022 report to the Federal Audit Clearinghouse within nine months after the end of fiscal year.

**Cause:** The Coalition’s fiscal 2022 report was not issued until after the nine month requirement.

**Effect:** The Coalition did not meet the submission requirements as set forth by 34 CFR 200.512.

**Recommendation:** We recommend the Coalition closely monitors this important submission requirement to avoid missing the deadline.

**Management’s Response:** Management will take corrective action to make sure the audit report is submitted to the Federal Audit Clearinghouse in compliance with the submission requirements.

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

There were no prior year audit findings.

**Board of Directors**  
Alan Bergman, Chairman  
Caitlin Rice, Vice Chair  
Terri Bartlow, Treasurer  
Michael Blake, Secretary  
James Box  
Shelli Buckley  
Robin Buckmaster  
Dr. Michael Cadore  
Priscilla DeNino



**Board of Directors**  
Bill Drexler  
Vince Donato  
Linda Halpin  
Dee Helbig  
Traci Klinkbeil  
Linda Graham  
Marci Murphy  
Phil Scarpelli  
Laura Gambino, CEO

**FINANCIAL STATEMENTS,  
SUPPLEMENTARY  
INFORMATION, AND  
INDEPENDENT AUDITOR'S  
REPORT  
Year Ended June 30, 2023**

**Finding Number:** 2023-001

**Planned Corrective Action:** Management has taken corrective action to ensure timely submission of the annual audit report to Federal Audit Clearinghouse in compliance with submission requirements.

**Anticipated Completion Date:** March 2024

**Responsible Contact Person:** Laura Gambino, Chief Executive Officer

**Authorized signer name**

**Title: Chief Executive Officer**

**February 20, 2024**