

**THE EARLY LEARNING COALITION
OF FLAGLER AND VOLUSIA COUNTIES, INC.**

FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

THE EARLY LEARNING COALITION OF FLAGLER AND VOLUSIA COUNTIES, INC.
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors,
The Early Learning Coalition of Flagler and Volusia Counties, Inc.:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of The Early Learning Coalition of Flagler and Volusia Counties, Inc., (the Coalition) which comprise the statements of financial position as of June 30, 2023 and 2022, 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 accompanying financial statements present fairly, in all material respects, the financial position of the Coalition as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Auditors' 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 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 for one year after the date that the financial statements are issued.

Auditors' 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 auditors' 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS 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.

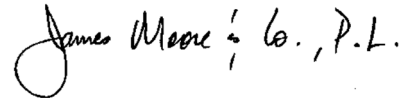
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our 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, State Financial Assistance, and State Matching of Federal Awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) 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 as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Early Learning Coalition of Flagler and Volusia Counties, Inc.'s internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large initial 'J'.

Daytona Beach, Florida
March 18, 2024

THE EARLY LEARNING COALITION OF FLAGLER AND VOLUSIA COUNTIES, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

	2023	2022
<u>ASSETS</u>		
Current assets		
Cash and cash equivalents	\$ 3,091,777	\$ 1,953,635
Contracts and grants receivable	1,607,458	185,171
Prepaid expenses and other current assets	106,820	344,046
Total current assets	4,806,055	2,482,852
Property and equipment, net	77,543	92,036
Total Assets	\$ 4,883,598	\$ 2,574,888
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities		
Accounts payable and due to providers	\$ 3,892,731	\$ 1,863,669
Accrued expenses	527,245	260,691
Refundable advances	92,929	118,679
Total current liabilities	4,512,905	2,243,039
Net assets		
Without donor restrictions		
Unrestricted	128,765	79,955
Invested in property and equipment	77,543	92,036
With donor restrictions		
Purpose restrictions	164,385	159,858
Total net assets	370,693	331,849
Total Liabilities and Net Assets	\$ 4,883,598	\$ 2,574,888

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

THE EARLY LEARNING COALITION OF FLAGLER AND VOLUSIA COUNTIES, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
Without Donor Restrictions		
Revenue and support		
Program support:		
Federal awards	\$ 52,873,606	\$ 24,957,378
State financial assistance	12,120,432	9,497,210
State general revenue funding	9,799,791	6,178,706
Other contract and grant funding	41,109	33,575
Interest income	1,633	1,665
Local contributions and donations	1,153,905	1,077,263
Net assets released from purpose restrictions	161,879	138,645
Total revenue and support	76,152,355	41,884,442
Expenses		
Program services:		
School Readiness	49,219,792	30,664,890
Voluntary Pre-kindergarten	12,717,469	9,365,017
Other Program	12,736,480	774,145
Total program services	74,673,741	40,804,052
Supporting services:		
Management and general	1,444,297	1,111,146
Total expenses	76,118,038	41,915,198
Change in net assets without donor restrictions	34,317	(30,756)
With Donor Restrictions		
Contributions	166,406	198,165
Net assets released from purpose restrictions	(161,879)	(138,645)
Change in net assets with donor restrictions	4,527	59,520
Change in net assets	38,844	28,764
Net Assets, beginning of year	331,849	303,085
Net Assets, end of year	\$ 370,693	\$ 331,849

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

THE EARLY LEARNING COALITION OF FLAGLER AND VOLUSIA COUNTIES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023

	Program Services			Total Program Services	Support Services	Total Expenses
	School Readiness	Voluntary Pre- Kindergarten (VPK)	Other Programs		Management and General	
Purchase of services	\$ 25,506,499	\$ 12,506,927	\$ 327,948	\$ 38,341,374	\$ 92,780	\$ 38,434,154
Salary and related expenses	2,062,642	147,121	248,252	2,458,015	990,024	3,448,039
Professional fees	84,379	8,003	119,638	212,020	61,024	273,044
Office and storage rent	162,020	23,708	3,470	189,198	55,282	244,480
Community outreach	148,436	180	441,148	589,764	52,009	641,773
Materials and supplies	26,808	3,780	285	30,873	10,656	41,529
Insurance	17,454	2,397	276	20,127	6,720	26,847
Printing and publications	631	75	-	706	1,026	1,732
Equipment and leasing	40,067	5,553	724	46,344	15,255	61,599
Postage and shipping	1,653	158	883	2,694	3,190	5,884
Travel	44,456	3,643	69	48,168	5,888	54,056
Miscellaneous	2,735	373	8,941	12,049	19,383	31,432
Employee education and training	48,315	2,445	27,370	78,130	14,107	92,237
Provider education and training	1,456,134	-	607,926	2,064,060	19,521	2,083,581
Provider stipends and grants	19,524,998	-	10,930,968	30,455,966	75	30,456,041
Telephone and utilities	54,885	8,031	1,483	64,399	17,510	81,909
Depreciation	-	-	14,493	14,493	-	14,493
Computer and information technology	37,677	5,847	245	43,769	63,017	106,786
Licenses and fees	226	31	3	260	89	349
Dues and subscriptions	(223)	(803)	2,358	1,332	16,741	18,073
Total expenses before allocation	<u>49,219,792</u>	<u>12,717,469</u>	<u>12,736,480</u>	<u>74,673,741</u>	<u>1,444,297</u>	<u>76,118,038</u>
Allocation of Management and General	770,503	195,960	477,834	1,444,297	(1,444,297)	-
Total Expenses	<u><u>\$ 49,990,295</u></u>	<u><u>\$ 12,913,429</u></u>	<u><u>\$ 13,214,314</u></u>	<u><u>\$ 76,118,038</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 76,118,038</u></u>

The accompanying notes to financial statements
are an integral part of this statement.

THE EARLY LEARNING COALITION OF FLAGLER AND VOLUSIA COUNTIES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	Program Services			Total Program Services	Support Services	Total Expenses
	School Readiness	Voluntary Pre- Kindergarten (VPK)	Other Programs		Management and General	
Purchase of services	\$ 16,537,030	\$ 9,115,139	\$ 398,885	\$ 26,051,054	\$ -	\$ 26,051,054
Salary and related expenses	1,303,510	184,831	173,420	1,661,761	851,649	2,513,410
Professional fees	67,926	5,265	8,034	81,225	103,663	184,888
Office and storage rent	209,536	28,817	1,000	239,353	67,934	307,287
Community outreach	147,253	119	125,993	273,365	128	273,493
Materials and supplies	9,277	1,269	54	10,600	3,080	13,680
Insurance	15,455	2,014	30	17,499	5,837	23,336
Printing and publications	1,065	72	116	1,253	202	1,455
Equipment and leasing	52,903	7,126	-	60,029	19,505	79,534
Postage and shipping	1,124	90	39	1,253	433	1,686
Travel	31,272	1,396	278	32,946	4,633	37,579
Miscellaneous	514	72	20,839	21,425	17,442	38,867
Employee education and training	34,094	667	24	34,785	3,598	38,383
Provider education and training	344,664	-	-	344,664	-	344,664
Provider stipends and grants	11,794,490	-	11,895	11,806,385	-	11,806,385
Telephone and utilities	43,451	6,317	22	49,790	11,833	61,623
Depreciation	-	-	24,919	24,919	-	24,919
Computer and information technology	64,722	11,058	-	75,780	13,401	89,181
Licenses and fees	271	32	-	303	470	773
Dues and subscriptions	6,333	733	4,896	11,962	7,338	19,300
Loss (gain) on disposition of asset	-	-	3,701	3,701	-	3,701
Total expenses before allocation	<u>30,664,890</u>	<u>9,365,017</u>	<u>774,145</u>	<u>40,804,052</u>	<u>1,111,146</u>	<u>41,915,198</u>
Allocation of Management and General	996,419	114,727	-	1,111,146	(1,111,146)	-
Total Expenses	<u><u>\$ 31,661,309</u></u>	<u><u>\$ 9,479,744</u></u>	<u><u>\$ 774,145</u></u>	<u><u>\$ 41,915,198</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 41,915,198</u></u>

The accompanying notes to financial statements
are an integral part of this statement.

THE EARLY LEARNING COALITION OF FLAGLER AND VOLUSIA COUNTIES, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
Cash flows from operating activities		
Change in net assets	\$ 38,844	\$ 28,764
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	14,493	24,919
Loss on disposal of property and equipment	-	3,701
(Increase) decrease in operating assets		
Contracts and grants receivable	(1,422,287)	638,077
Prepaid expenses and other current assets	237,226	(308,103)
Increase (decrease) in operating liabilities		
Accounts payable and due to providers	2,029,062	(116,485)
Accrued expenses	266,554	(405,027)
Refundable advances	(25,750)	29,454
Total adjustments	1,099,298	(133,464)
Net cash provided by (used in) operating activities	1,138,142	(104,700)
Net change in cash and cash equivalents	1,138,142	(104,700)
Cash and cash equivalents, beginning of year	1,953,635	2,058,335
Cash and cash equivalents, end of year	\$ 3,091,777	\$ 1,953,635

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

THE EARLY LEARNING COALITION OF FLAGLER AND VOLUSIA COUNTIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

(1) **Summary of Significant Accounting Policies:**

The following is a summary of the more significant accounting policies and practices of The Early Learning Coalition of Flagler and Volusia Counties, Inc. (the Coalition) which affect significant elements of the accompanying financial statements:

(a) **Coalition and purpose**—The Early Learning Coalition of Flagler and Volusia Counties, Inc. is organized as a not-for-profit corporation for the purpose of providing child care financial assistance and related support services for low-income families in Flagler and Volusia counties. The Coalition provides its program services by administering Federal and State School Readiness (SR), Voluntary Pre-Kindergarten (VPK), Outreach and Awareness, and Other Programs through a comprehensive network of contracted early learning and child care providers. The Coalition provides these services primarily through recurring funding through Florida Department of Education’s Division of Early Learning (DEL). The Coalition is governed by a twenty-seven member Board of Directors, and various focused subcommittees thereof.

(b) **Basis of accounting**—The financial statements have been prepared on the accrual basis of accounting, and accordingly, reflect all significant receivables, payables, and other liabilities.

(c) **Basis of presentation**—Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed stipulations. Some donor-imposed restrictions are temporary in nature, such as those that will be met either by actions of the Coalition and/or the passage of time. Other donor-imposed restrictions are perpetual in nature that will not be met by either actions of the Coalition or the passage of time. See statements of financial position for net assets with donor restrictions as of June 30, 2023.

(d) **Cash and cash equivalents**—Cash and cash equivalents consist of cash on hand and cash in banks. For purposes of the statements of cash flows, the Coalition considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

(e) **Contracts and grants receivable**—Contracts and grants receivable represent uncollected reimbursement requests presented to DEL for payment as of June 30, 2023, 2022, and 2021. Unbilled receivables represent expenses incurred as of June 30, 2023, 2022, and 2021, that were not yet billed to DEL at year-end. Management believes that the entire balance of these receivables is collectible, based on amounts subsequently collected and prior collection history. Accordingly, no allowance for potentially uncollectible contracts, grants, or unbilled receivables is provided.

(f) **Deferred revenue**—Deferred revenue, if any, primarily consists of advances received for contracted programs and fundraising events that apply to future periods. Contract liabilities are reported as deferred revenue in the accompanying statements of financial position. There were no such amounts at June 30, 2023, 2022, and 2021.

THE EARLY LEARNING COALITION OF FLAGLER AND VOLUSIA COUNTIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

(1) **Summary of Significant Accounting Policies:** (Continued)

(g) **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. Depreciation is calculated using the straight-line method over the following estimated lives:

Leasehold improvements	5 years
Computer equipment	3 – 5 years
Office equipment	2 – 5 years
Vehicles	10 years

(h) **Income taxes**—The Coalition is generally exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes has been made in the accompanying financial statements. The Coalition files income tax returns in the U.S. Federal jurisdiction. The Coalition’s income tax returns for the past three years are subject to examination by taxing authorities and may change upon examination.

(i) **Expense allocation**—The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and the statements of functional expenses. Salaries and other program support service expenses, which benefit more than one program, are allocated to the various programs based on relative benefit, as determined by management. For the years ended June 30, 2023 and 2022, the expenses associated with the Voluntary Pre-kindergarten Outreach and Awareness program were combined into the Voluntary Pre-kindergarten program on the statement of functional expenses.

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

(k) **Revenue and revenue recognition**—The Coalition recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

The Coalition bills federal, state, and local governmental entities for services provided. Revenue is recognized when expenses are declared and billed. Any charges for services revenue is recognized as performance obligations are satisfied, which is at a point in time when the services are provided.

THE EARLY LEARNING COALITION OF FLAGLER AND VOLUSIA COUNTIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

(1) **Summary of Significant Accounting Policies:** (Continued)

A significant portion of the Coalition’s revenue is derived from cost-reimbursable federal and state contracts and grants, and support raised to meet the conditions of the required grant match, as discussed in Note (5), which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as without donor restricted grant revenue when we have met performance requirements and incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures or meeting other conditional performance requirement barriers are reported as refundable advances in the statement of financial position. The Coalition received amounts in advance under and for federal, state, and local contracts and grants of \$92,929, \$118,679, and \$89,225 that have not been recognized as of June 30, 2023, 2022, and 2021, respectively, because qualifying expenditures have not yet been incurred.

(1) **Recently issued accounting pronouncements**—In February 2016, the FASB issued ASU 2016-02: *Leases (Topic 842)*, to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Organization adopted the standard effective July 1, 2022. Since there were no material operating or finance leases in effect as of July 1, 2022, requiring recognition under ASC 842, the adoption did not have a material impact on the Organization’s financial position, results of operations and cash flows. Certain terminology changes have been implemented, including references to rent and/or short-term rent being referenced as short-term.

(2) **Liquidity and Availability:**

The Coalition strives to maintain liquid financial assets sufficient to cover general expenditures. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following at June 30:

	2023	2022
Cash and cash equivalents	\$ 3,091,777	\$ 1,953,635
Net assets with donor restrictions	(164,385)	(159,858)
Contracts and grants receivable	1,607,458	185,171
Total	\$ 4,534,850	\$ 1,978,948

(3) **Retirement Plan:**

The Coalition maintains a retirement plan (the “Plan”) for the benefit of its employees. The Plan is a defined-contribution plan for all full-time employees with six months of service. Employees become fully vested in the Plan after completing one year of service. Through February 19, 2012, the Coalition contributed 3% of earnings on behalf of each participant. Thereafter, the Coalition changed the Plan to

match contributions of up to 3% of the employee’s salary. For the years ended June 30, 2023 and 2022, the Coalition contributed approximately \$45,996 and \$35,850, respectively, to the Plan.

THE EARLY LEARNING COALITION OF FLAGLER AND VOLUSIA COUNTIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

(4) Property and Equipment:

The following is a summary of property and equipment at June 30, 2023 and 2022:

	2023	2022
Leasehold improvements	\$ 62,270	\$ 70,202
Computer equipment	96,671	131,094
Office equipment	40,292	76,313
Vehicles	69,300	69,300
	268,533	346,909
Less: Accumulated depreciation	(190,990)	(254,873)
Total	\$ 77,543	\$ 92,036

DEL holds a reversionary interest in all nonexpendable, tangible personal property acquired with funds received from DEL. Depreciation expense for the years ended June 30, 2023 and 2022 was \$14,493 and \$24,919, respectively.

(5) Support Requiring Matching Funds:

The Coalition receives a substantial portion of its support from the State of Florida and the U.S. Department of Health and Human Services passed through DEL. For the years ended June 30, 2023 and 2022, the DEL grant provided by the State of Florida required a dollar-for-dollar matching of all SR Match expenditures, totaling \$423,930 and \$388,440, respectively.

(6) Operating Leases:

The Coalition has elected to apply the short-term lease exemption to its class of underlying assets of office space. In the years ended June 30, 2023 and 2022, the Coalition has only a small number of leases within this class of underlying assets that qualify for the exemption. For the years ended June 30, 2023 and 2022, the short-term lease cost recognized and disclosed for those leases was approximately \$219,147 and \$317,408, respectively. The remaining lease payments due in the year ended June 30, 2024, are \$193,187.

(7) Commitments and Contingencies:

(a) **Grant administration**—Amounts received or receivable from governmental agencies are subject to audit and adjustment by grantor agencies, principally federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the Coalition. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Coalition expects such amounts, if any, to be immaterial.

(b) **Revenue concentration**—The Coalition and its related programs receive substantial support from federal and state governments. If a significant reduction in the level of this support occurs, it may have an effect on the Coalition’s programs and activities. For the respective years ended June 30, 2023 and 2022, 69% and 60% of the Coalition’s revenues and support were from the Federal government passed through the DEL. In addition, for the respective years ended June 30, 2023 and 2022, 29% and 37% of the Coalition’s revenues and support were from DEL through state financial assistance and matching funds.

THE EARLY LEARNING COALITION OF FLAGLER AND VOLUSIA COUNTIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

(7) **Commitments and Contingencies:** (Continued)

(c) **Concentration of credit risk**—The Coalition maintains demand deposit accounts with a financial institution, which are insured up to limits defined by the Federal Deposit Insurance Corporation and the Securities Investor Protection Corporation. At June 30, 2023 and 2022, account balances exceeded federally insured limits by \$3,183,306 and \$1,677,643, respectively. The Coalition has not experienced any losses in such accounts, and believes that it is not exposed to any significant credit risk on cash and cash equivalents.

(d) **Contingencies**—As described further in the schedule of findings and questioned costs, as listed in the table of contents, beginning July 1, 2018, DEL launched a new Statewide Information System for client and data management, EFS Mod. Due to difficulties in the implementation and data migration from the prior system and a lack of functionality in the SR attendance module for all twelve months of the fiscal years ended June 30, 2023 and 2022. Coalitions were prevented from complying with monthly reconciliation requirements as instructed in DEL’s grant agreements. Given the issues related to the data migration, DEL instructed the Coalition beginning in July 2018 to pay providers based on estimated attendance, with a corrective plan to reconcile estimates to actual attendance data once EFS Mod was fully functional. However, system functionality challenges remain and corrections are ongoing for both data mismatches and records in EFS Mod.

To date, management and DEL are working together to reconcile the remaining School Readiness provider payments and attendance records, as corrected data and functionality becomes available in EFS Mod. The remaining reconciliation as of June 30, 2023, as self-reported to DEL, is as follows:

Total SR reconciliation variance	\$	519,926
Estimated overpayments to 84 providers		(510,961)
Estimated underpayments to 0 providers		-
Remaining SR variances to be determined	\$	8,965

(8) **Net Assets with Donor Restrictions:**

Net assets with donor-imposed restrictions that apply to all of the Organization’s programs consists of the following as of June 30:

	2023		2022
Family support	\$ 10,290	\$	5,296
Quality initiative	49,444		58,594
Literacy	99,824		95,968
ELCFV activities	4,828		-
Total net assets with donor restrictions	\$ 164,386	\$	159,858

THE EARLY LEARNING COALITION OF FLAGLER AND VOLUSIA COUNTIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

(9) **Net Assets with Donor Restrictions:**

Net assets were released from donor restrictions during the years ended June 30 by incurring expenses satisfying the purpose restrictions specified by donors as follows:

	2023	2022
Family support	\$ 6,247	\$ 4,019
Quality initiative	9,150	17,790
Literacy	145,062	116,836
ELCFV activities	1,420	-
Total net assets released from restrictions	\$ 161,879	\$ 138,645

(10) **Subsequent Events:**

The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through March 18, 2024, the date the financial statements were available to be issued. No subsequent events have been recognized or disclosed.

THE EARLY LEARNING COALITION OF FLAGLER AND VOLUSIA COUNTIES, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, STATE FINANCIAL ASSISTANCE, AND STATE MATCHING OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

FEDERAL/ STATE AGENCY PASS THROUGH ENTITY FEDERAL PROGRAM/ STATE PROJECT	ASSISTANCE LISTING/ CSFA NUMBER	FUNDING PERIOD	PASS THROUGH IDENTIFYING NUMBER/ GRANT CONTRACT IDENTIFICATION NUMBER	EXPENDITURES
FEDERAL AWARDS				
Department of Health and Human Services				
Passed through Florida Department of Education, Division of Early Learning:				
Child Care Development Fund (CCDF) Cluster:				
Child Care Development Block Grant	93.575	7/1/22-6/30/23	EL183	\$ 11,841,827
COVID-19 - Child Care Development Block Grant (CARES)	93.575	7/1/22-6/30/23	EL183	223,762
COVID-19 - Child Care Development Block Grant (CRRSA)	93.575	7/1/22-6/30/23	EL183	1,758,170
COVID-19 - Child Care Development Block Grant (ARPA)	93.575	7/1/22-6/30/23	EL183	33,347,505
Child Care Mandatory and Matching Funds of the CCDF	93.596	7/1/22-6/30/23	EL183	2,743,352
Total Child Care Development Fund (CCDF) Cluster				49,914,616
Temporary Assistance to Needy Families	93.558	7/1/22-6/30/23	EL183	3,145,669
Social Services Block Grant	93.667	7/1/22-6/30/23	EL183	8,930
ESSA Preschool Development Grant Birth Through Five	93.434	7/1/22-6/30/23	EL183	133,758
Total Department of Health and Human Services				53,202,973
Department of Education				
Passed through Florida Department of Education, Division of Early Learning:				
Education Stabilization Fund	84.425D	7/1/22-6/30/23	EL183	6,310
Total Department of Education				6,310
TOTAL EXPENDITURES OF FEDERAL AWARDS				\$ 53,209,283
STATE FINANCIAL ASSISTANCE				
Florida Department of Education:				
Direct:				
Voluntary Pre-Kindergarten Program - VPK	48.108	7/1/22-6/30/23	EL183	\$ 11,030,536
Designated State General Revenue Unrestricted	SGU	7/1/22-6/30/23	EL183	699,966
Total Florida Department of Education				11,730,502
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE				\$ 11,730,502
STATE MATCHING OF FEDERAL AWARDS				
State Matching of Federal Awards (93.596)	N/A	7/1/22-6/30/23	EL183	\$ 6,246,793
State Matching of Federal Awards (93.558)	N/A	7/1/22-6/30/23	EL183	3,552,126
Total State Matching of Federal Awards				\$ 9,798,919
TOTAL EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE AND MATCHING OF FEDERAL AWARDS				\$ 74,738,704

The accompanying notes to the schedule of expenditures of federal awards, state financial assistance, and state matching of federal awards are an integral part of this schedule.

**THE EARLY LEARNING COALITION OF FLAGLER AND VOLUSIA COUNTIES, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, STATE FINANCIAL
ASSISTANCE, AND STATE MATCHING OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023**

(1) **Basis of Presentation:**

The accompanying Schedule of Expenditures of Federal Awards, State Financial Assistance, and State Matching of Federal Awards (the Schedule) includes the Federal awards and State financial assistance activity of The Early Learning Coalition of Flagler and Volusia Counties, Inc. (the Coalition), under programs of the Federal and State government for the year ended June 30, 2023, 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. Because the Schedule presents only a selected portion of the operations of the Coalition, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Coalition.

(2) **Summary of Significant Accounting Policies:**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Pass-through entity identifying numbers are presented where available.

No amounts were passed through to subrecipients during the year ended June 30, 2023.

(3) **De Minimis Indirect Cost Rate Election:**

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

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

To the Board of Directors,
The Early Learning Coalition of Flagler and Volusia Counties, Inc.:

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of The Early Learning Coalition of Flagler and Volusia Counties, Inc. (the "Coalition"), 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, and have issued our report thereon dated March 18, 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 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 Coalition's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or 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.

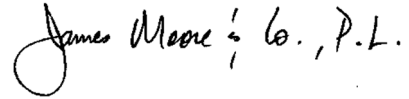
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not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

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 Early Learning Coalition of Flagler and Volusia Counties, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large initial 'J'.

Daytona Beach, Florida
March 18, 2024

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

To the Board of Directors,
The Early Learning Coalition of Flagler and Volusia Counties, Inc.:

Report on Compliance for Each Major Federal Program and State Project

Opinion on Each Major Federal Program and State Project

We have audited The Early Learning Coalition of Flagler and Volusia Counties, Inc.'s ("the Coalition") compliance with the types of compliance requirements identified as subject in the U.S. Office of Management and Budget (*OMB*) *Compliance Supplement*, the requirements described in the Florida Department of Financial Services' *State Projects Compliance Supplement*, and special audit guidance provided by the State of Florida Division of Early Learning (DEL) that could have a direct and material effect on each of the Coalition's major federal programs and major state projects for the year ended June 30, 2023. The Coalition's major Federal programs and State projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Coalition complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and major state projects for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 State of Florida, Office of the Auditor General, and special audit guidance provided by the State of Florida, Division of Early Learning. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Coalition and to meet our 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.

Auditors' 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 GAAS, *Government Auditing Standards*, the Uniform Guidance, Chapter 10.650, Rules of the State of Florida, and special audit guidance provided by the DEL, will always detect material noncompliance when it exists. 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance, 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 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, but not for the purpose of expressing an opinion on the effectiveness of the Coalition's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

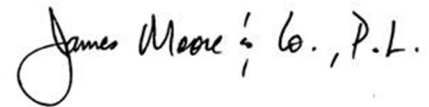
A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance, Chapter 10.650, Rules of the State of Florida Office of the Auditor General, and special audit guidance provided by the DEL. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large initial 'J'.

Daytona Beach, Florida
March 18, 2024

**THE EARLY LEARNING COALITION OF FLAGLER AND VOLUSIA COUNTIES, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023**

I Summary of Auditors' Results: (Continued)

Any audit findings disclosed that are required to be reported related to state financial assistance projects? ___ yes X no

Identification of major State projects:

State Project	State CSFA Number
Voluntary Pre-Kindergarten Program – VPK	48.108
Dollar threshold used to distinguish between type A and type B State programs:	\$ 750,000

II. Financial Statement Findings: None

III. Federal Award Findings and Questioned Costs: None

IV. State Project Findings and Questioned Costs: None

V. Prior Year Audit Findings: None.

VI. Management Letter in Accordance with Chapter 10.650, Rules of the State of Florida, Office of the Auditor General: See pages 25 – 26.

VII. State of Florida, Department of Education – Division of Early Learning (DEL) Reporting Requirements:

- | | |
|--|----------------|
| 1. Enhanced Fields System (EFS Mod) reconciled monthly to Coalition financial records | 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 | No – See below |
| 4. Audit work papers documenting verification of reconciliations available to DEL staff | Yes |

In July 2018, the Division of Early Learning launched a new Statewide Information System for client and data management, EFS Mod, and experienced difficulties in the implementation and functionality, specifically data migration and the School Readiness (SR) attendance modules. The impact on the Coalition is limited to the overpayment and/or underpayments of child care providers (providers) and EFS Mod-related issues did not impact the scope of the DEL on-site financial monitoring processes or the related fiscal operations for the Coalition for the fiscal year ended June 30, 2023.

**THE EARLY LEARNING COALITION OF FLAGLER AND VOLUSIA COUNTIES, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023**

VII State of Florida, Department of Education – Division of Early Learning (DEL) Reporting Requirements: (Continued)

DEL communicated these issues to the Coalition for the 2019 through 2023 fiscal year audits, including the absence of EFS Mod system functionality through August 2020 and the ongoing efforts by DEL to correct the data migration errors that resulted in SR data mismatches. DEL is currently working on procedures to reconcile provider payments, with an emphasis on provider underpayments and the development of procedures and tools to assist the Coalition with repayment plans for provider overpayments. In addition, DEL received approval in February 2020 from the School Readiness program granting agency, the U.S. Department of Health and Human Services, for a waiver of provider overpayments under a small dollar threshold of \$1,500. DEL will continue to provide on-going support and assistance to the Coalition and continue work to minimize any disruptions to the 2024 fiscal year's program services or operations and reduce the remaining reconciliation amount from the period through August 2020.

MANAGEMENT LETTER

To the Board of Directors,
The Early Learning Coalition of Flagler and Volusia Counties, Inc.:

Report on the Financial Statements

We have audited the financial statements of The Early Learning Coalition of Flagler and Volusia Counties, Inc. (the Coalition), as of and for the fiscal year ended June 30, 2023, and have issued our report thereon dated March 18, 2024.

Auditors' 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; 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.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditors' 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 18, 2024, should be considered in conjunction with this management letter.

Additional Matters

Section 10.654(1)(e), Rules of the Auditor General, requires that we communicate 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 warrants the attention of those charged with governance. In connection with our audit, we noted no such items.

Finally, Audit and Audit Resolution Responsibilities (OEL-IG-12-001), as provided by the Florida Department of Education, Division of Early Learning, Office of Inspector General, requires any other recommendations made to management to be included in this management letter. We have no such recommendations.

Purpose of this Report

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.

James Moore & Co., P.L.

Daytona Beach, Florida
March 18, 2024