

**EARLY LEARNING COALITION
OF
INDIAN RIVER, MARTIN AND
OKEECHOBEE COUNTIES, INC.**

**Financial Statements
and Supplemental
Information**

**Years Ended June 30, 2023,
and 2022**

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INDEPENDENT AUDITOR'S REPORT

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To the Board of Directors of
Early Learning Coalition of Indian River, Martin
and Okeechobee Counties, Inc.
Stuart, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Early Learning Coalition of Indian River, Martin and Okeechobee Counties, Inc. (a nonprofit organization) (the "Coalition"), which comprise the statements of financial position as of June 30, 2023, and 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Coalition as of June 30, 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 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 March 28, 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
March 28, 2024

Early Learning Coalition of Indian River, Martin and Okeechobee Counties, Inc.

STATEMENTS OF FINANCIAL POSITION

June 30, 2023 and 2022

ASSETS		
	<u>2023</u>	<u>2022</u>
Current assets		
Cash and cash equivalents	\$ 1,939,045	\$ 1,443,702
Grants receivable	349,661	136,876
Due from providers	<u>16,283</u>	<u>-</u>
Total current assets	2,304,989	1,580,578
Property and equipment		
Equipment	159,765	155,121
Less accumulated depreciation	<u>(106,561)</u>	<u>(93,496)</u>
Property and equipment, net	53,204	61,625
Operating lease right-of-use-asset	<u>408,996</u>	<u>-</u>
Total assets	<u><u>\$ 2,767,189</u></u>	<u><u>\$ 1,642,203</u></u>
 LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	\$ 1,840,827	\$ 1,142,130
Current portion of operating lease liability	<u>91,349</u>	<u>-</u>
Total current liabilities	1,932,176	1,142,130
Non-current operating lease liability	<u>324,034</u>	<u>-</u>
Total liabilities	<u>2,256,210</u>	<u>1,142,130</u>
Net assets		
Without donor restrictions	<u>510,979</u>	<u>500,073</u>
Total liabilities and net assets	<u><u>\$ 2,767,189</u></u>	<u><u>\$ 1,642,203</u></u>

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

Early Learning Coalition of Indian River, Martin and Okeechobee Counties, Inc.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
PUBLIC SUPPORT AND REVENUE		
Federal grants	\$ 26,074,250	\$ 14,851,279
State - Division of Early Learning	7,330,043	5,332,476
Local match	603,703	511,021
Contributions	55,322	13,262
Contribution of non-financial assets	<u>7,000</u>	<u>-</u>
 Total public support and revenue	 <u>34,070,318</u>	 <u>20,708,038</u>
 EXPENSES		
Program services		
School readiness	25,949,862	14,796,439
Voluntary pre-kindergarten	7,201,007	5,260,135
General and other grants	<u>238,406</u>	<u>167,689</u>
 Total program services	 33,389,275	 20,224,263
 Supporting services	 <u>670,137</u>	 <u>448,140</u>
 Total expenses	 <u>34,059,412</u>	 <u>20,672,403</u>
 Changes in net assets	 10,906	 35,635
 NET ASSETS, BEGINNING OF YEAR	 <u>500,073</u>	 <u>464,438</u>
 NET ASSETS, END OF YEAR	 <u><u>\$ 510,979</u></u>	 <u><u>\$ 500,073</u></u>

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

Early Learning Coalition of Indian River, Martin and Okeechobee Counties, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2023

	Program			Total	Supporting Services	Total Expenses
	School Readiness	Voluntary Pre-Kindergarten	General & Other Grants			
Salaries	\$ 961,623	\$ -	\$ 163,176	\$ 1,124,799	\$ 362,896	\$ 1,487,695
Employee benefits	162,071	-	-	162,071	51,892	213,963
Payroll taxes	72,427	-	10,597	83,024	29,342	112,366
	<u>1,196,121</u>	<u>-</u>	<u>173,773</u>	<u>1,369,894</u>	<u>444,130</u>	<u>1,814,024</u>
Provider payments	23,375,298	7,201,007	-	30,576,305	-	30,576,305
Supplies	1,161,404	-	41,635	1,203,039	67,594	1,270,633
Occupancy	79,325	-	-	79,325	44,903	124,228
Fees for services	33,317	-	6,610	39,927	77,298	117,225
Miscellaneous	1,807	-	3,067	4,874	8,284	13,158
Information technology	6,841	-	-	6,841	9,398	16,239
Insurance	5,730	-	-	5,730	7,598	13,328
Dues and subscriptions	200	-	-	200	6,213	6,413
Travel	11,500	-	131	11,631	4,100	15,731
Conferences and meetings	78,319	-	125	78,444	619	79,063
Depreciation	-	-	13,065	13,065	-	13,065
	<u>-</u>	<u>-</u>	<u>13,065</u>	<u>13,065</u>	<u>-</u>	<u>13,065</u>
Total expenses	<u>\$ 25,949,862</u>	<u>\$ 7,201,007</u>	<u>\$ 238,406</u>	<u>\$ 33,389,275</u>	<u>\$ 670,137</u>	<u>\$ 34,059,412</u>

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

Early Learning Coalition of Indian River, Martin and Okeechobee Counties, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2022

	Program			Total	Supporting Services	Total Expenses
	School Readiness	Voluntary Pre-Kindergarten	General & Other Grants			
Salaries	\$ 808,807	\$ 20,981	\$ 103,977	\$ 933,765	\$ 283,941	\$ 1,217,706
Employee benefits	152,828	3,902	-	156,730	48,274	205,004
Payroll taxes	60,599	1,555	8,961	71,115	21,338	92,453
	<u>1,022,234</u>	<u>26,438</u>	<u>112,938</u>	<u>1,161,610</u>	<u>353,553</u>	<u>1,515,163</u>
Provider payments	13,222,451	5,230,119	-	18,452,570	-	18,452,570
Supplies	457,703	976	44,793	503,472	11,360	514,832
Occupancy	68,030	2,022	-	70,052	30,525	100,577
Fees for services	240	-	-	240	24,410	24,650
Miscellaneous	1,110	-	2,874	3,984	6,569	10,553
Information technology	8,184	210	-	8,394	9,298	17,692
Insurance	5,455	101	-	5,556	5,693	11,249
Dues and subscriptions	2,432	-	-	2,432	2,870	5,302
Travel	5,984	269	232	6,485	3,862	10,347
Conferences and meetings	920	-	-	920	-	920
Depreciation	-	-	5,588	5,588	-	5,588
Advertising	1,696	-	965	2,661	-	2,661
Loss on disposal	-	-	299	299	-	299
	<u>-</u>	<u>-</u>	<u>299</u>	<u>299</u>	<u>-</u>	<u>299</u>
Total expenses	<u>\$ 14,796,439</u>	<u>\$ 5,260,135</u>	<u>\$ 167,689</u>	<u>\$ 20,224,263</u>	<u>\$ 448,140</u>	<u>\$ 20,672,403</u>

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

Early Learning Coalition of Indian River, Martin and Okeechobee Counties, Inc.

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 10,906	\$ 35,635
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation	13,065	5,588
Non-cash rent	6,387	-
Loss on disposition	-	299
Decrease (increase) in assets		
Grants receivable	(212,785)	287,581
Deposits	-	750
Due from providers	(16,283)	59,513
 Increase (decrease) in liabilities		
Accounts payable and accrued liabilities	<u>698,697</u>	<u>(278,694)</u>
 Net cash provided by operating activities	499,987	110,672
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	<u>(4,644)</u>	<u>(32,226)</u>
 Net increase in cash and cash equivalents	495,343	78,446
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,443,702</u>	<u>1,365,256</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 1,939,045</u></u>	<u><u>\$ 1,443,702</u></u>
 SIGNIFICANT NON-CASH TRANSACTIONS - OPERATING LEASE		
Operating lease right-of-use asset	\$ (506,732)	\$ -
Operating lease liability	<u>506,732</u>	<u>-</u>
 Total significant non-cash transactions - operating lease	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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

Early Learning Coalition of Indian River, Martin and Okeechobee Counties, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE A – NATURE OF ORGANIZATION

The Early Learning Coalition of Indian River, Martin and Okeechobee Counties, Inc. (the “Coalition”) is a Florida nonprofit corporation. The Coalition was originally incorporated on May 18, 2000, as the School Readiness Coalition of Martin County, Inc. in accordance with Florida State Statute 411.01, which established the Florida Partnership for School Readiness (the “Partnership”). On April 1, 2005, the School Readiness Coalition of Martin County merged with Indian River School Readiness Coalition, Inc. and the Okeechobee County School Readiness Coalition, Inc. The corporate entities known as the Indian River County School Readiness Coalition, Inc. and the Okeechobee County School Readiness Coalition, Inc. were dissolved as a part of this merger. In addition, the Coalition administers the Voluntary Pre-Kindergarten (“VPK”) program in accordance with the Voluntary Pre-Kindergarten Education Program Act, Chapter 1002, part V, Florida Statutes.

The Coalition administers subsidized childcare assistance and programs that give children a competitive start in life. The Coalition is responsible for the planning and implementation of school readiness and voluntary pre-kindergarten services in the three-county area of Indian River, Martin, and Okeechobee Counties. The Coalition is also responsible for making decisions and providing support to meet the early education and childcare needs of the children in the communities served.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Basis of presentation

The accompanying financial statements and accompanying schedules have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Coalition reports information regarding its financial position and activities according to two classes of net assets as follows:

Net Assets Without Donor Restrictions

Net assets without donor restrictions are available for use at the discretion of the Board of Directors (the “Board”) and/or management for general operating purposes. From time to time, the Board designates a portion of these net assets for specific purposes which makes them unavailable for use at management’s discretion.

Net Assets With Donor Restrictions

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed restrictions, time and/or purpose restrictions.

The Coalition reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the statements of activities as net assets released from restrictions.

Some net assets with donor restrictions may include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the Coalition to expend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations or a Board approved spending policy.

Early Learning Coalition of Indian River, Martin and Okeechobee Counties, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2. Cash and cash equivalents

The Coalition presents its cash flows using the indirect method. Cash and cash equivalents may consist of cash on hand, demand deposits, and all highly liquid debt instruments with original maturities of three months or less.

3. Grants receivable

The receivable from Florida’s Division of Early Learning consists of grants due from federal and state governmental agencies and are recorded when services are provided. The grants receivable as of June 30, 2023, and 2022 are due in less than one year and management believes they are fully collectible.

4. Allowance for doubtful accounts

The Coalition determines an allowance for uncollectible receivables by specifically identifying balances which are doubtful as to collectability (typically amounts over ninety days old). As of June 30, 2023, and 2022, there is no amount included in the accompanying financial statements that represents an allowance for doubtful accounts.

5. Promises to give

The Coalition recognizes contributions at their estimated fair values when the donor makes a promise to give that is, in substance, unconditional.

Unconditional promises to give cash over a period of time exceeding one year are recorded at their present value of estimated future cash flows using a discount rate appropriate for the level of risk involved. Any related interest income is recorded as contribution revenue over the duration of the pledge.

Contributions that are restricted by the donor are presented as increases in net assets without donor restrictions if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

6. Property and equipment

The Coalition capitalizes all long-lived assets with an estimated useful life of three years or more and original cost/value of \$1,000 or more. Property and equipment are stated at cost for purchased assets and estimated fair value for donated assets and depreciated using the straight-line method over the following useful lives:

	<u>Life</u>
Computer equipment	5 Years
Furniture and fixtures	5-7 Years
Equipment	5-15 Years
Software	5 Years

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

6. Property and equipment (continued)

Contributions of property and equipment are recorded as revenue at their estimated fair value. Such contributions are reported as revenue without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as revenue with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Coalition reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Coalition reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

7. Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

8. Revenue recognition

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

Revenue from government grants is recorded when earned, which is generally when the allowable costs of the specific grant provisions have been incurred or the performance of services rendered. Such revenue is subject to audit by the grantor and, if the examination results in a deficiency of allowable expenses, the Coalition will be required to refund any deficiencies. Management is of the opinion that all monies recognized as revenue have been earned as of June 30, 2023, and 2022. These amounts are reflected as revenue without donor restrictions if received and expended in the same year.

Revenue from program fees is recognized when the earnings process is substantially complete and goods have been delivered or services performed. Revenues from program fees are recognized in the year to which they relate. As part of the School Readiness and Voluntary Pre-Kindergarten grants, the Coalition receives advances on revenue which are to be repaid to the state. As of June 30, 2023, and 2022, the Coalition held no advances outstanding.

9. Contributed services

The Coalition follows ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Non-financial Assets*, which requires the monitoring and tracking of gifts in kind by asset category, while also noting any donor-imposed restrictions.

Contributions of services are recognized as revenue at their estimated values at the date of receipt if the services create or enhance nonfinancial assets or require a specialized skill. During the fiscal years ended June 30, 2023 and 2022, contributions of non-financial assets totaled \$7,000, which consisted of professional services, and \$0, respectively.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

10. Expense allocation

The costs of the various programs have been summarized on a functional basis in the Statements of Activities and Changes in Net Assets and Statements of Functional Expenses. Accordingly, costs have been allocated among the Program and Supporting Services, based upon the amount of time spent on activities by employees.

11. Income taxes

The Coalition is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code; therefore, no income tax provision is required in the accompanying financial statements. The Coalition is not classified as a private foundation. Contributions to the Coalition are qualified as deductions for charitable contributions.

Management has analyzed the Coalition's various federal and state filing positions and believes that its income tax filing positions and deductions are well documented and supported, and no accruals for tax liabilities are necessary. Therefore, no reserves for uncertain income tax positions have been recorded.

12. Advertising costs

All advertising costs are considered non-direct response advertising costs and are expensed as incurred.

13. Accrued compensated absences

Paid time off is accrued based on completed years of employment with the Coalition. Paid time off may be carried over up to a maximum of 120 hours to the next year. Upon resignation, death or retirement, employees are paid in one lump sum for accrued paid time off as of the last day of employment.

14. Recent accounting pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-02, *Leases*, that requires lessees to put most leases on their balance sheets and recognize expenses on their income statements in a manner similar to today's capital lease accounting. The guidance also eliminates today's real estate specific provisions for all entities. For lessors, the guidance modifies the classification criteria for accounting for sales-type and direct financing leases. The new guidance is effective for fiscal years beginning after December 15, 2021. The Coalition adopted the lease standard effective July 1, 2022 using the optional transition method, which applies the provisions of the standard at the effective date without adjusting the prior period.

15. Subsequent events

Management has performed an analysis of the activities and transactions subsequent to June 30, 2023, to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended June 30, 2023. Management has performed their analysis through March 28, 2024, the date the financial statements were available for issuance.

Early Learning Coalition of Indian River, Martin and Okeechobee Counties, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE C – CONCENTRATIONS OF RISK

The Coalition maintains cash deposits at a financial institution located in Martin County, Florida. Deposits located at the financial institution are insured by the Federal Deposit Insurance Corporation (FDIC) and during the year balances may fluctuate above and below this amount. On June 30, 2023, and 2022, the Coalition held \$612,926 and \$1,229,363, respectively, in excess of FDIC limits. The Coalition has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on cash and cash equivalents.

The Coalition received approximately \$33,404,000 and \$20,141,000 of funding from two sources that individually comprised ten percent or more of total revenue and support for the years ended June 30, 2023, and 2022, respectively. As of June 30, 2023, and 2022, the Coalition had net receivable balances from these sources of approximately \$40,000 and \$41,000, respectively.

NOTE D – PROPERTY AND EQUIPMENT

Property and equipment at June 30 are summarized as follows:

	2023	2022
Computer equipment	\$ 66,393	\$ 63,009
Furniture and fixtures	37,875	37,875
Equipment	44,261	43,001
Software	11,236	11,236
	159,765	155,121
Less: accumulated depreciation	(106,561)	(93,496)
	<u>\$ 53,204</u>	<u>\$ 61,625</u>

Depreciation expense for the years ended June 30, 2023, and 2022 was \$13,065 and \$5,588, respectively.

The Coalition has purchased equipment through grant contracts. According to the guidelines established, all equipment with a purchased price in excess of \$1,000 purchased with these funds belongs to the State of Florida. The Coalition is considered the custodian of such property. The Coalition's total equipment purchases for current and prior fiscal years, in aggregate, total approximately \$160,000 and \$155,000 as of June 30, 2023, and 2022, respectively. Disposition of this equipment must be approved by the grant source. Since the Coalition expects to fully depreciate these assets over the estimated useful lives (which would result in no value being from the Coalition to the State), these assets have been recorded as part of net assets without donor restrictions.

Early Learning Coalition of Indian River, Martin and Okeechobee Counties, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE E – LEASE ASSET AND LEASE LIABILITY

As disclosed in Note B, 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 prior 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 does not have any short-term leases. As of June 30, 2023, the right-of-use (ROU) asset had a balance of \$408,996, as shown in the statement of financial position; the lease liability is included in current liabilities (\$92,732) and long-term liabilities (\$322,651).

The lease asset and liability were calculated utilizing the risk-free discount rate (4.46%), according to the Coalition's elected policy.

Additional information about the Coalition's lease is as follows:

Lease Costs (included in occupancy expense)

Operating lease cost	\$ 118,792
Total lease cost	\$ 118,792

Other information:

Cash paid for amounts included in measuring operating lease liability:

Operating cash flows from operating lease	\$ 112,405
Total cash paid for amounts included in measuring operating lease liability	\$ 112,405

Maturities of operating lease liabilities as of June 30, 2023

Year ending June 30:	
2024	\$ 115,775
2025	119,250
2026	122,826
2027	95,108
Total lease payments	452,959
Less: interest	(37,576)
Present value of lease liability	\$ 415,383

NOTE F – RETIREMENT PLAN

The Coalition sponsors a 403b defined contribution plan that covers substantially all full-time employees. Employees who have worked at least one year and who are at least eighteen years of age are eligible for employer contributions. The employer contributes a mandatory 5% per year of each covered employee's salary per year.

The Coalition also sponsors a 457 deferred compensation plan that covers substantially all full-time employees. Employees who have worked at least one year, considered full time and who are at least eighteen years of age are eligible to participate. The Coalition offers 100% match of employee contributions up to 2% of employee's salary. The total employer contributions for the two plans listed above were approximately \$50,000 and \$57,000 for the years ended June 30, 2023, and 2022, respectively.

Early Learning Coalition of Indian River, Martin and Okeechobee Counties, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE G – RELATED PARTY TRANSACTIONS

During the years ending June 30, 2023, and 2022, the Coalition contracted with organizations that had individuals associated with those entities who also served on the Board of Directors of the Coalition. During the fiscal years ended June 30, 2023, and 2022, the Coalition collectively paid approximately \$3,064,000 and \$2,394,000 to these contracted centers, respectively. As of June 30, 2023, and 2022, the Coalition owed the contracting centers approximately \$81,000 and \$56,000, respectively.

NOTE H – CALCULATION OF MAXIMUM ADMINISTRATIVE EXPENSES

The following table compares administrative expenses incurred to expenses subject to the maximum administrative expenses allowed by Division of Early Learning (“DEL”) for the School Readiness and Voluntary Pre-Kindergarten programs for the years ended June 30, 2023 and 2022:

	School Readiness	Voluntary Pre-Kindergarten	Total
2023:			
Total administrative expenses subject to 5% and 4% and maximum	\$ 346,962	\$ 156,940	\$ 503,902
Maximum 5% and 4 administrative expenses allowable	<u>496,343</u>	<u>247,310</u>	<u>743,653</u>
Administrative expenses (under) over maximum	<u><u>\$ (149,381)</u></u>	<u><u>\$ (90,370)</u></u>	<u><u>\$ (239,751)</u></u>
2022:			
Total administrative expenses subject to 5% and 4% and maximum	\$ 358,471	\$ 138,229	\$ 496,700
Maximum 5% and 4 administrative expenses allowable	<u>491,535</u>	<u>207,170</u>	<u>698,705</u>
Administrative expenses (under) over maximum	<u><u>\$ (133,064)</u></u>	<u><u>\$ (68,941)</u></u>	<u><u>\$ (202,005)</u></u>

NOTE I – FUNCTIONAL EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy and depreciation, which are allocated on a square footage basis, as well as salaries, employee benefits, payroll taxes, and advertising, which are allocated on the basis of estimates of time and effort.

Early Learning Coalition of Indian River, Martin and Okeechobee Counties, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE J – LIQUIDITY AND AVAILABILITY OF RESOURCES

The Coalition’s financial assets available within one year of the statements of financial position date for general expenditures are as follows:

	2023	2022
Cash and cash equivalents	\$ 1,939,045	\$ 1,443,702
Grants receivable	349,661	136,876
Due from provider	16,283	-
Total financial assets available within one year	<u>2,304,989</u>	<u>1,580,578</u>
Less:		
Amounts unavailable for general expenditures within one year:		
Accounts payable and accrued liabilities	<u>(1,840,827)</u>	<u>(1,142,130)</u>
Total amounts unavailable for general expenditures within one year	<u>(1,840,827)</u>	<u>(1,142,130)</u>
Total financial assets available to management for general expenditure within one year	<u>\$ 464,162</u>	<u>\$ 438,448</u>

As part of the Coalition’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Coalition received approximately 98% and 97% of its funds from federal and state grants passed through DEL for the years ended June 30, 2023 and 2022, respectively, which are on a reimbursable basis. Throughout the year, the Coalition receives advances and reimbursements each month to cover incurred expenses.

SUPPLEMENTAL INFORMATION



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

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American Institute of
Certified Public
Accountants

Florida Institute of
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To the Board of Directors of

Early Learning Coalition of Indian River, Martin
and Okeechobee Counties, Inc.
Stuart, 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 Indian River, Martin and Okeechobee Counties, Inc. (a nonprofit organization) (the "Coalition"), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 28, 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.

Report on Compliance and Other Matters (continued)

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
March 28, 2024



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

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To the Board of Directors of
Early Learning Coalition of Indian River, Martin
and Okeechobee Counties, Inc.
Stuart, 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 Indian River, Martin and Okeechobee Counties, Inc.'s (the "Coalition") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the requirements described in the *Department of Financial Services' State Projects Compliance Supplement*, and special audit guidance provided by the Division of Early Learning that could have a direct and material effect on each of the Coalition's major federal programs and state projects for the year ended June 30, 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); State of Florida Chapter 10.650, *Rules of the Auditor General* (Chapter 10.650), and special audit guidance provided by the Division of Early Learning. Our responsibilities under those standards and 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, 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 generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.650, 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, but not for the purpose of expressing an opinion on the effectiveness of the Coalition's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed. The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and Chapter 10.650. Accordingly, this report is not suitable for any other purpose.

Moss, Krusick & Associates, LLC

Winter Park, Florida
March 28, 2024

Early Learning Coalition of Indian River, Martin and Okeechobee Counties, Inc.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

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? | No |
| 4. Dollar threshold used to distinguish between Type A and Type B programs | \$803,222 |
| 5. Auditee qualified as low-risk auditee? | Yes |

Identification of major programs:

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

Early Learning Coalition of Indian River, Martin and Okeechobee Counties, Inc.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

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, Rules of the Auditor General | No |
| 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 Education Program	48.108

Section II – Enhanced Fields System (EFS Mod) monthly reconciliation

- | | |
|----------------------------------------------------------------------------------------------------------------|-----|
| 1. EFS Mod reconciled monthly | Yes |
| 2. Processes in place to identify and correct errors during monthly reconciliations to EFS Mod | Yes |
| 3. Coalition’s financial records reconcile and agree to EFS Mod records as of program year ended June 30, 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).

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

None (there are no items related to Federal Awards and State financial assistance required to be reported in the management letter, therefore no management letter issued).

Section V – Status of Prior Year Audit Findings

There were no prior year audit findings.

Early Learning Coalition of Indian River, Martin and Okeechobee Counties, Inc.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

Year Ended June 30, 2023

Grantor/Program Title	ALN CSFA	Award Number	Expenditures
Federal Awards:			
U.S. Department of Health and Human Services			
<i>Passed through Division of Early Learning for School Readiness</i>			
Temporary Assistance for Needy Families	93.558	EL333	\$ 2,208,163
Child Care and Development Fund Cluster			
Child Care and Development Block Grant	93.575	EL333	4,843,114
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	EL333	2,812,989
Coronavirus Aid, Relief, and Economic Security Act	93.575	EL333	50,984
Coronavirus Response and Relief Supplemental Appropriations Funds	93.575	EL333	893,095
Coronavirus Response and Relief Supplemental Appropriations Funds	93.575	EL334	109,669
American Rescue Plan Act	93.575	EL333	15,671,573
American Rescue Plan Act	93.575	EL334	<u>126,087</u>
Total Child Care and Development Fund Cluster			24,507,511
Preschool Development Grant	93.434	EL333	52,518
Social Services Block Grant	93.667	EL333	<u>5,890</u>
Total Expenditures of Federal Awards			<u>26,774,082</u>
State Financial Assistance:			
State of Florida Department of Education			
<i>Passed through Division of Early Learning</i>			
Voluntary Pre-Kindergarten Education	48.108	EL333	6,335,440
Voluntary Pre-Kindergarten Education - GR	SGU	EL333	<u>309,358</u>
Total Expenditures of State Financial Assistance			<u>6,644,798</u>
Total Expenditures of Federal Awards and State Financial Assistance			<u><u>\$ 33,418,880</u></u>

Note A: Basis of presentation

The accompanying schedule of expenditures of federal awards and state financial assistance is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), the Florida Department of Financial Services' State Projects Compliance Supplement, and State of Florida 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 B: Indirect Cost Rates

The Coalition has elected to not use the 10% de minimis indirect cost rate for its federal programs and state projects for the year ended June 30, 2023. The indirect cost rates used on the Coalition's federal programs and state projects are determined by the relevant federal or state agency.

See independent auditor's report.