

EARLY LEARNING COALITION OF PALM BEACH COUNTY, INC.

**Financial Statements
and Supplemental
Information**

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

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Early Learning Coalition of Palm Beach County, Inc.
Boynton Beach, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Early Learning Coalition of Palm Beach County, Inc. (the "Coalition", a nonprofit organization), 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 these 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,

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

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 generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, State of Florida Chapter 10.650, *Rules of the Auditor General*, and special audit guidance provided by the Division of Early Learning, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and state financial assistance is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 1, 2024, on our consideration of the Coalition's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Coalition's internal control over financial reporting or on compliance.

That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Coalition's internal control over financial reporting and compliance.

Moss, Krusick & Associates, LLC

Winter Park, Florida
February 1, 2024

Early Learning Coalition of Palm Beach County, Inc.

STATEMENTS OF FINANCIAL POSITION

June 30, 2023 and 2022

ASSETS

	<u>2023</u>	<u>2022</u>
Current assets:		
Cash and cash equivalents	\$ 7,609,035	\$ 8,377,159
Grants receivable	11,777,669	8,456,413
Due from providers	438,588	1,166,747
Prepaid expenses and other assets	<u>484,204</u>	<u>256,395</u>
 Total current assets	 20,309,496	 18,256,714
 Operating lease right-of-use asset	 712,951	 -
Property and equipment, net	29,229	3,622
Intangible assets, net	<u>2,473,243</u>	<u>-</u>
 Total assets	 <u>\$ 23,524,919</u>	 <u>\$ 18,260,336</u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable and accrued expenses	\$ 13,168,985	\$ 10,021,318
Compensated absences	395,231	715,724
Due to providers	-	367,737
Due to funders	58,952	90,354
Deferred revenue	6,049,329	6,613,441
Operating lease liability	<u>98,634</u>	<u>-</u>
 Total current liabilities	 19,771,131	 17,808,574
 Non-current operating lease liability	 <u>630,029</u>	 <u>-</u>
 Total liabilities	 <u>20,401,160</u>	 <u>17,808,574</u>
 Net assets:		
Without donor restrictions		
Equity in fixed assets	2,502,472	3,622
Undesignated	<u>(19,896)</u>	<u>(344,025)</u>
 Total net asset (deficit) without donor restriction	 <u>2,482,576</u>	 <u>(340,403)</u>
 With donor restriction	 <u>641,183</u>	 <u>792,165</u>
 Total net assets	 <u>3,123,759</u>	 <u>451,762</u>
 Total liabilities and net assets	 <u>\$ 23,524,919</u>	 <u>\$ 18,260,336</u>

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

Early Learning Coalition of Palm Beach County, Inc.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended June 30, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES AND SUPPORT			
Grants and contributions:			
Department of Health and Human Services	\$ 4,034,543	\$ -	\$ 4,034,543
Federal / State grant revenue passed through Florida's Division of Early Learning	237,744,493	-	237,744,493
Children's Services Council of Palm Beach County	33,976,864	-	33,976,864
Other grant revenue	755,137	-	755,137
Contribution of non-financial assets	172,951	-	172,951
Program income	43,838	-	43,838
Contribution	1,968	35,000	36,968
Net assets released from restrictions	<u>185,982</u>	<u>(185,982)</u>	<u>-</u>
 Total revenues and support	 <u>276,915,776</u>	 <u>(150,982)</u>	 <u>276,764,794</u>
EXPENSES			
Program services:			
School Readiness	230,082,938	-	230,082,938
Voluntary Pre-Kindergarten	36,198,451	-	36,198,451
Early Head Start	<u>3,695,914</u>	<u>-</u>	<u>3,695,914</u>
 Total program services	 <u>269,977,303</u>	 <u>-</u>	 <u>269,977,303</u>
Support services:			
General and administrative	<u>4,115,494</u>	<u>-</u>	<u>4,115,494</u>
 Total support services	 <u>4,115,494</u>	 <u>-</u>	 <u>4,115,494</u>
 Total expenses	 <u>274,092,797</u>	 <u>-</u>	 <u>274,092,797</u>
 Increase (decrease) in net assets	 2,822,979	 (150,982)	 2,671,997
 NET ASSETS AT BEGINNING OF YEAR	 <u>(340,403)</u>	 <u>792,165</u>	 <u>451,762</u>
 NET ASSETS AT END OF YEAR	 <u>\$ 2,482,576</u>	 <u>\$ 641,183</u>	 <u>\$ 3,123,759</u>

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

Early Learning Coalition of Palm Beach County, Inc.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT			
Grants and contributions:			
Department of Health and Human Services	\$ 3,574,246	\$ -	\$ 3,574,246
Federal / State grant revenue passed through Florida's Division of Early Learning	140,869,119	-	140,869,119
Children's Services Council of Palm Beach County	31,208,734	-	31,208,734
Other grant revenue	760,034	-	760,034
Contribution of non-financial assets	173,922	-	173,922
Program income	27,382	-	27,382
Contribution	8,635	10,000	18,635
Net assets released from restrictions	304,841	(304,841)	-
Total revenues and support	176,926,913	(294,841)	176,632,072
EXPENSES			
Program services:			
School Readiness	144,153,605	-	144,153,605
Voluntary Pre-Kindergarten	26,379,182	-	26,379,182
Early Head Start	3,459,846	-	3,459,846
Total program services	173,992,633	-	173,992,633
Support services:			
General and administrative	3,069,124	-	3,069,124
Total support services	3,069,124	-	3,069,124
Total expenses	177,061,757	-	177,061,757
Decrease in net assets	(134,844)	(294,841)	(429,685)
NET ASSETS AT BEGINNING OF YEAR	(205,559)	1,087,006	881,447
NET ASSETS AT END OF YEAR	\$ (340,403)	\$ 792,165	\$ 451,762

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

Early Learning Coalition of Palm Beach County, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2023

	Program Services			Total	General and Administrative	Total
	School Readiness	Voluntary Pre-Kindergarten	Early Head Start			
Personnel and related expenses	\$ 11,544,949	\$ 1,035,493	\$ 1,428,020	\$ 14,008,462	\$ 2,949,103	\$ 16,957,565
Operating expenses						
Professional services	739,048	40,135	54,873	834,056	178,009	1,012,065
Professional development	746,084	692	38,004	784,780	1,988	786,768
Technology hosting and support	440,843	28,194	64,415	533,452	121,745	655,197
Occupancy	326,616	24,974	70,140	421,730	193,584	615,314
Office equipment and supplies	452,505	4,884	30,788	488,177	30,550	518,727
Depreciation and amortization	-	-	-	-	513,418	513,418
Communications	157,804	11,225	20,146	189,175	57,181	246,356
Insurance	94,900	8,361	4,809	108,070	26,998	135,068
Dues and subscriptions	46,202	1,427	2,461	50,090	34,929	85,019
Travel	32,840	3,711	34,069	70,620	2,810	73,430
Equipment rental	6,880	461	828	8,169	2,356	10,525
Postage	6,714	177	311	7,202	956	8,158
Interest and bank fees	2,176	207	-	2,383	1,702	4,085
Taxes and licenses	514	49	-	563	131	694
Miscellaneous	-	-	-	-	34	34
Total operating expenses	<u>3,053,126</u>	<u>124,497</u>	<u>320,844</u>	<u>3,498,467</u>	<u>1,166,391</u>	<u>4,664,858</u>
Direct services (Childcare)	<u>215,484,863</u>	<u>35,038,461</u>	<u>1,947,050</u>	<u>252,470,374</u>	<u>-</u>	<u>252,470,374</u>
Total expenses	<u><u>\$ 230,082,938</u></u>	<u><u>\$ 36,198,451</u></u>	<u><u>\$ 3,695,914</u></u>	<u><u>\$ 269,977,303</u></u>	<u><u>\$ 4,115,494</u></u>	<u><u>\$ 274,092,797</u></u>

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

Early Learning Coalition of Palm Beach County, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2022

	Program Services			Total	General and Administrative	Total
	School Readiness	Voluntary Pre-Kindergarten	Early Head Start			
Personnel and related expenses	\$ 10,232,190	\$ 719,909	\$ 1,375,043	\$ 12,327,142	\$ 2,455,325	\$ 14,782,467
Operating expenses						
Professional development	767,384	4,451	150,326	922,161	8,881	931,042
Professional services	467,559	19,000	57,905	544,464	238,043	782,507
Office equipment and supplies	514,875	41,447	2,551	558,873	85,088	643,961
Occupancy	356,873	20,069	128,847	505,789	61,126	566,915
Technology hosting and support	266,274	18,709	41,065	326,048	115,004	441,052
Communications	145,935	11,049	12,845	169,829	39,505	209,334
Dues and subscriptions	84,753	41	4,114	88,908	24,678	113,586
Insurance	63,380	4,894	3,815	72,089	28,085	100,174
Travel	38,412	859	27,564	66,835	6,422	73,257
Equipment rental	7,325	552	551	8,428	1,988	10,416
Postage	3,810	112	141	4,063	547	4,610
Interest and bank fees	1,184	93	2	1,279	1,628	2,907
Depreciation	-	-	-	-	1,811	1,811
Taxes and licenses	346	26	-	372	552	924
Miscellaneous	205	8	-	213	441	654
Total operating expenses	<u>2,718,315</u>	<u>121,310</u>	<u>429,726</u>	<u>3,269,351</u>	<u>613,799</u>	<u>3,883,150</u>
Direct services (Childcare)	<u>131,203,100</u>	<u>25,537,963</u>	<u>1,655,077</u>	<u>158,396,140</u>	<u>-</u>	<u>158,396,140</u>
Total expenses	<u>\$ 144,153,605</u>	<u>\$ 26,379,182</u>	<u>\$ 3,459,846</u>	<u>\$ 173,992,633</u>	<u>\$ 3,069,124</u>	<u>\$ 177,061,757</u>

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

Early Learning Coalition of Palm Beach County, Inc.

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 2,671,997	\$ (429,685)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	513,418	1,811
Non-cash rent	15,712	-
Decrease (increase) in assets:		
Contracts and grants receivable	(3,321,256)	(1,223,406)
Prepaid expenses and other assets	(227,809)	35,934
Due from providers	728,159	1,344,996
Increase (decrease) in liabilities:		
Accounts payable	3,147,667	(4,026,026)
Compensated absences	(320,493)	138,653
Due to providers	(367,737)	(1,377)
Due to funders	(31,402)	34,069
Deferred revenue	(564,112)	(175,960)
	<u>2,244,144</u>	<u>(4,300,991)</u>
Net cash provided by (used in) operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(27,418)	-
Purchase of intangible assets	(2,984,850)	-
	<u>(3,012,268)</u>	<u>-</u>
Net cash used in investing activities		
Net decrease in cash and cash equivalents	(768,124)	(4,300,991)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>8,377,159</u>	<u>12,678,150</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 7,609,035</u>	<u>\$ 8,377,159</u>
SIGNIFICANT NON-CASH TRANSACTIONS - OPERATING LEASE		
Operating lease right-of-use asset	\$ 820,946	\$ -
Operating lease liability	(820,946)	-
	<u>-</u>	<u>-</u>
Total significant non-cash transactions - operating lease	<u>\$ -</u>	<u>\$ -</u>

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

Early Learning Coalition of Palm Beach County, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

Organization and Purpose

Early Learning Coalition of Palm Beach County, Inc. (the "Coalition") was organized as a not-for-profit corporation under the laws of the State of Florida on December 31, 1999, for the purpose of implementing School Readiness Programs in Palm Beach County, Florida. The Coalition accomplishes its purpose through implementation of comprehensive programs and services that enhance the cognitive, social, and physical development of children. On March 7, 2005, the Coalition changed its name from the Palm Beach County School Readiness Coalition, Inc. to the Early Learning Coalition of Palm Beach County, Inc. to more accurately reflect the Coalition's expanded responsibilities regarding the Voluntary Pre-Kindergarten (VPK) program.

Although the Coalition has a variety of goals and objectives, all of its goals and objectives relate to the Coalition's two primary programs, School Readiness and VPK. Both of these programs share the following goals: preparation of children for kindergarten, provision of child care to meet the needs of children and parents, and development and training of child care providers.

Basis of Accounting

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

Net Assets Without Donor Restrictions

Net assets without donor restrictions are available for use at the discretion of the Board and/or management for general operating purposes. From time to time, the Board 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.

Cash and Cash Equivalents

The Coalition's cash and cash equivalents include amounts on deposit in checking, money market and sweep accounts with financial institutions. For purposes of the cash flows statements, the Coalition considers all highly-liquid investments with an original maturity of three months or less when purchased to be cash equivalents. The Coalition maintains its cash in high quality financial institutions which at times, may exceed federally insured limits. The Coalition has not experienced any losses in such accounts and does not believe its cash accounts are exposed to any significant credit risk. Deposits with financial institutions exceeded federal deposit insurance by \$4,838 and \$9,077,873 at June 30, 2023 and 2022, respectively. The excess amounts are held in a sweep account.

Early Learning Coalition of Palm Beach County, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

NOTE A – SIGNIFICANT ACCOUNTING POLICIES (continued)

Grants Receivable

Grants receivable represent uncollected reimbursement requests presented to Florida's Division of Early Learning ("FDEL"), Children's Services Council of Palm Beach County, Inc. ("CSC"), and other funding sources for payment. Management believes the entire balance is collectible based on amounts collected to date and prior collection history. Therefore, no allowance for potentially uncollectible grants receivable is provided.

Prepaid Expense and Other Assets

Payments for expenses extending over more than one accounting period are accounted for as prepaid expenses and allocated between accounting periods.

Property and Equipment

Property and equipment over \$5,000 is capitalized and stated at cost if purchased. Donations of property and equipment are recorded as support at their estimated fair value when received. Such donations are reported as unrestricted support 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 restricted support. 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 received no donations of property and equipment in 2023 and 2022. Property and equipment is depreciated using the straight-line method over the estimated useful life of the asset, generally three to seven years.

Intangible Assets

Software subscriptions over \$5,000 are capitalized and stated at cost, and are amortized using the straight-line method over the term of the agreement, generally one to three years.

Deferred Revenue

Deferred revenue represents grant funds received from FDEL and CSC in advance of allowable expenditures being incurred.

Compensated Absences

The Coalition accrues unused vacation and sick time when earned by employees in accordance with Coalition policy. Employees of the Coalition may accumulate up to 160 hours of unused vacation leave. Hours in excess of the 160 hour limit at the end of the fiscal year are forfeited. Accumulated vacation is payable to an employee in good standing upon separation based on the number of years in service.

Due to Funders

Due to funders consists of School Readiness restitution payments received from fraudulent cases, direct service (slot) credit adjustments and other adjustments which are owed back to grant funders. Amounts due to FDEL and CSC were \$58,952 and \$90,354 at June 30, 2023 and 2022, respectively.

Early Learning Coalition of Palm Beach County, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

NOTE A – SIGNIFICANT ACCOUNTING POLICIES (continued)

Grant Funding and 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 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.

The Coalition's support consists primarily of funds received from the Federal and State governments, which are passed through FDEL. Revenues are earned as allowable grant costs are incurred. The continued existence of the programs administered by the Coalition is dependent upon the continued support received from these grants.

Government grants are subject to annual renewal and periodic amendment and require the fulfillment of certain conditions as set forth in each agreement. Amounts received or receivable from grantor agencies are subject to audit by those agencies and any disallowed expenses, including amounts already received, might constitute a liability of the Coalition for return of those funds. Management believes that the Coalition has met all requirements and objectives of the grantor agencies and considers it unlikely that any material amount of funds would be returned.

Contributions of Non-Financial Assets

Contributions of non-financial assets are recognized as revenue in the period received at their fair value. During the fiscal years ended June 30, 2023 and 2022, contributions of non-financial assets totaled \$172,951 and \$173,922, of which CSC contributed \$172,951 and \$173,922 for office space to the Coalition for each year, respectively.

Functional Expenses

All expenses are directly identified with the program or supporting service to which they relate and are charged accordingly. The functional expense classifications are identified in the statement of activities as program or support services.

Fair Value of Financial Instruments

FASB ASC 820, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value that provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The fair value measurement of an asset or liability within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The Coalition had no financial assets or liabilities at June 30, 2023 and 2022 that were measured at fair value on a recurring basis under FASB ASC 820.

Income Taxes

The Coalition is a nonprofit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Coalition is classified as a publicly supported organization other than a private foundation under Section 509(a) of the Code.

Early Learning Coalition of Palm Beach County, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

NOTE A – SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes (continued)

The Coalition evaluates its uncertain tax positions in accordance with FASB ASC 740, *Income Taxes*, which states that management's determination of the taxable status of an entity, including its status as a tax exempt entity, is a tax position subject to the standards required for accounting for uncertainty in income taxes. Management does not believe that the Coalition has any significant uncertain tax positions that would be material to the financial statements.

The Coalition's tax returns for tax years 2021 to 2023 are subject to examination by the Internal Revenue Service, generally for a period of three years after they were filed.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Accordingly, actual results could differ from the estimates that were used.

Accounting Pronouncements Implemented

In February 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-02, *Leases* (ASC 842), that requires lessees to put most leases on its Statement of Financial Position and recognize expenses on its Statement of Activities in a manner similar to today's capital lease accounting. For lessors, the guidance modifies the classification criteria for accounting for sales-type and direct financing leases. The Coalition adopted the lease standard effective July 1, 2022, using the optional transition method, which applies the provisions of the standard at the effective date without adjusting the prior period.

In September 2020, the FASB issued 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. The Coalition adopted ASU No. 2020-07 effective July 1, 2021. The adoption has no significant impact on the Coalition's financial statements.

Subsequent Events

The Coalition has evaluated subsequent events through February 1, 2024, which is the date the financial statements were available to be issued.

NOTE B – GRANTS RECEIVABLE

Grants receivable consisted of the following at June 30, 2023 and 2022:

	2023	2022
Florida's Division of Early Learning	\$ 3,582,120	\$ 3,608,774
Children's Services Council of Palm Beach County	6,937,797	3,648,830
Department of Health and Human Services	1,090,448	1,151,158
School District of Palm Beach County	38,417	29,116
U.S. Department of Education	85,627	-
Other	43,260	18,535
Total	<u>\$ 11,777,669</u>	<u>\$ 8,456,413</u>

Early Learning Coalition of Palm Beach County, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

NOTE C – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Computer and office equipment	\$ 45,937	\$ 18,519
Less: accumulated depreciation	<u>(16,708)</u>	<u>(14,897)</u>
Total	<u>\$ 29,229</u>	<u>\$ 3,622</u>

Depreciation expense was \$1,811 and \$1,811 for the years ended June 30, 2023 and 2022, respectively.

NOTE D – INTANGIBLE ASSETS

Software subscriptions consisted of the following at June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Software subscriptions	\$ 2,984,850	\$ -
Less: accumulated amortization	<u>(511,607)</u>	<u>-</u>
Total	<u>\$ 2,473,243</u>	<u>\$ -</u>

Amortization expense was \$511,607 and \$0 for the years ended June 30, 2023 and 2022, respectively.

NOTE E – LINE OF CREDIT

The Coalition had a \$1,500,000 line of credit at June 30, 2014 which was increased to \$4,500,000 in November 2018 and increased to \$5,500,000 in January 2020. The line of credit has a variable interest rate equal to the Wall Street Journal Prime Rate Index (8.25% at June 30, 2023). The line of credit had a \$0 balance for the fiscal years ending June 30, 2023 and 2022. The Coalition has pledged its inventory, equipment, chattel paper, instruments, deposits, and other assets as defined in the collateral agreement. The pledged equipment does not include equipment purchased with Federal or State grant funds. The line of credit is payable immediately upon the Lender's demand.

NOTE F – NET ASSETS

Without Donor Restrictions

The Coalition's net assets without donor restrictions is comprised of undesignated and equity in fixed assets at June 30:

	<u>2023</u>	<u>2022</u>
Equity in fixed assets	\$ 2,502,472	\$ 3,622
Undesignated	<u>(19,896)</u>	<u>(344,025)</u>
Total net assets without donor restrictions	<u>\$ 2,482,576</u>	<u>\$ (340,403)</u>

Early Learning Coalition of Palm Beach County, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

NOTE F – NET ASSETS (continued)

Undesignated

Net assets without donor restrictions are considered as undesignated and used at the discretion of the Board and/or management for general operating purposes. Expenditures from the years ended June 30, 2023 and 2022, are included in the statement of functional expenses.

With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes as of June 30:

	<u>2023</u>	<u>2022</u>
Quality Programs	\$ 622,150	\$ 757,732
Emergency/Pandemic Support	19,033	34,433.00
Total net assets with donor restrictions	<u>\$ 641,183</u>	<u>\$ 792,165</u>

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

	<u>2023</u>	<u>2022</u>
Purpose	\$ 185,982	\$ 304,841
Net assets released from restrictions	<u>\$ 185,982</u>	<u>\$ 304,841</u>

NOTE G – FEDERAL AND STATE GRANT REVENUE

The Coalition enters into an annual grant agreement with Florida's Division of Early Learning ("FDEL") for implementation of early learning programs including Voluntary Pre-Kindergarten Education Programs ("VPK") and School Readiness ("SR") Programs. The grant agreement with FDEL is for the fiscal year July 1st through June 30th and may be renewed on an annual basis at FDEL's discretion. The Coalition received approximately 86% and 80% of its total support for the years ended June 30, 2023 and 2022, respectively, from Federal and State grant funding through the annual contracts with FDEL.

For the fiscal year ended June 30, 2023, the FDEL allocation to the VPK Program was approximately \$36.4 million and the SR Program was approximately \$201.3 million and required a local match of \$9,297,103 which was provided by the Coalition from local funding sources. For the fiscal year ended June 30, 2022, the allocation to the VPK Program was approximately \$26.6 million and the SR Program was approximately \$114.3 million and required a local match of \$8,988,011, which was provided by the Coalition from local funding sources.

Early Learning Coalition of Palm Beach County, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

NOTE H – OTHER GRANT REVENUE

Other grant revenue consisted of the following for the years ended June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Other local matching funds	\$ 246,247	\$ 320,578
School District of Palm Beach County	261,583	226,443
Other local funding	<u>247,307</u>	<u>213,013</u>
Total	<u>\$ 755,137</u>	<u>\$ 760,034</u>

NOTE I – RELATED PARTY TRANSACTIONS

The Coalition's Board of Directors is required by Florida statutes to include individuals representing certain public and private organizations. Consequently, the Coalition's Board of Directors includes representatives from funding organizations and organizations that receive funds directly and indirectly through the Coalition.

The Coalition's Board, pursuant to enabling legislation, includes one voting representative from CSC and the School District of Palm Beach County (the "District"), both of which provided funding to the Coalition. For the years ended June 30, 2023 and 2022, the Coalition received revenue of \$33,976,864 and \$31,208,734, respectively, from CSC and \$261,583 and \$226,443, respectively, from the District. Grants receivable from related parties are summarized in Note B.

The Coalition's Board also includes one voting representative from the Head Start Program and two child care providers. Coalition Board members are prohibited by Florida Statutes and Board policy from voting on any matter that affects the Coalition's funding of their respective organization or otherwise presents a conflict of their respective organization or otherwise present a conflict of interest.

NOTE J – DEFERRED COMPENSATION PLAN

Coalition employees may participate in a deferred compensation plan adopted under the provisions of Internal Revenue Code Section 403(b) (a tax deferred annuity plan for tax-exempt organizations). The deferred compensation plan is available to all employees of the Coalition. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or an unforeseeable emergency. Teachers Insurance and Annuity Association - College Retirement Equities Fund (TIAA-CREF) administers the deferred compensation plan. The Coalition does not contribute to the plan.

NOTE K – DEFINED CONTRIBUTION PENSION PLAN

The Coalition's Retirement Plan (the "Plan") is a single employer defined contribution pension plan established by the Coalition to provide retirement and death benefits to employees. The Plan is administered by TIAA-CREF. In a defined contribution plan, the pension benefits a participant will receive depend only on the amount contributed to the participant's account and earnings on investments. Under the terms of the Plan agreement, all forfeitures are used to reduce the employer's contributions.

Early Learning Coalition of Palm Beach County, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

NOTE K – DEFINED CONTRIBUTION PENSION PLAN (continued)

Employees are eligible to participate in the Plan after attaining age 21 and completing one year of service. Employees vest 20% per year in employer contributions and are fully vested after five years of credited services.

For employees eligible for the Plan before August 1, 2014, the Coalition contributes 13% of compensation during year one through ten, after which the contribution percentage increases to 15%. For employees eligible for the plan after August 1, 2014, the Coalition contributes 5%, plus an additional discretionary matching contribution. For the fiscal years ended June 30, 2023 and 2022, the discretionary matching contribution percentage was an additional 5%. Plan provisions and contribution requirements are established by and may be amended by the Coalition's Board of Directors. The employer contributions for the years ended June 30, 2023 and 2022, were \$964,804 and \$844,600, respectively, which was equal to the required contribution amount.

NOTE L – 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 on the basis of time and effort recorded bi-weekly include personnel and related expenses, professional services, office equipment and supplies, occupancy, professional development, technology hosting and support, communications, dues and subscriptions, travel, insurance, equipment, postage, miscellaneous. Direct Services (childcare) are directly identified by client eligibility.

NOTE M – COMMITMENTS

As disclosed in Note A, the Coalition adopted FASB ASU 2016-02. The Coalition leases its office space under an operating lease. This lease is the only lease required to be included on the balance sheet under FASB ASU 2016-02. As a result, adopting FASB ASU 2016-02 had no impact to prior year balance sheet 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 right-of-use (ROU) asset had a balance of \$712,951, as shown in the statement of financial position; the lease liability is included in current liabilities (\$98,634) and long-term liabilities (\$630,029). The lease asset and liability were calculated utilizing the risk-free discount rate (5.21%), according to the Coalition's elected policy.

Early Learning Coalition of Palm Beach County, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

NOTE M – COMMITMENTS (continued)

Lease Costs:

Operating lease cost	\$ 144,960
Total lease cost	\$ 144,960

Other information:

Cash paid for amounts included in measuring operating lease liability:

Operating cash flows from operating lease	\$ 129,248
Total cash paid for amounts included in measuring operating lease liability	\$ 129,248

Maturities of operating lease liabilities as of June 30, 2023:

Year ending June 30:	
2024	\$ 134,313
2025	141,060
2026	145,998
2027	151,107
2028	156,396
Thereafter	120,348
Total lease payments	849,222
Less: interest	(120,559)
Present value of lease liability	\$ 728,663

NOTE N – LIQUIDITY AND AVAILABILITY OF RESOURCES

As of June 30, 2023 and 2022, financial assets and liquidity resources available within one year of the statement of financial position date for general expenditures are as follows:

	2023	2022
Financial Assets:		
Cash and cash equivalents	\$ 7,609,035	\$ 8,377,159
Grant receivables	11,777,669	8,456,413
Due from providers	438,588	1,166,747
Total financial assets available within one year	19,825,292	18,000,319
Liquidity resources:		
Line of credit available borrowings	5,500,000	5,500,000
Net financial assets and liquidity resources available within one year	\$ 25,325,292	\$ 23,500,319

SUPPLEMENTAL INFORMATION



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

To the Board of Directors of
Early Learning Coalition of Palm Beach County, Inc.
Boynton Beach, 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 Palm Beach County, Inc. (the "Coalition", a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities 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 February 1, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Coalition's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Coalition's internal control. Accordingly, we do not express an opinion on the effectiveness of the Coalition's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Coalition's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Coalition's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Coalition's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Moss, Krusick & Associates, LLC

Winter Park, Florida
February 1, 2024

Early Learning Coalition of Palm Beach County, Inc.

STATEMENT 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			
Direct Award			
Head Start	93.600	04HP000217-04-01	\$ 1,823,408
Head Start	93.600	04HE0001159-01-01	374,965
Head Start	93.600	04HP000159-04-02	1,391,504
Head Start	93.600	04HP000159-05-01	444,666
Total Direct Award			<u>4,034,543</u>
Pass-through from Florida's Division of Early Learning			
Temporary Assistance for Needy Families	93.558	EL393	6,300,355
Social Services Block Grant	93.667	EL393	48,736
Preschool Development Grant	93.434	EL393	529,188
Child Care Development Fund (CCDF) Cluster			
Child Care and Development Block Grant	93.575	EL393	35,794,656
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	EL393	14,119,452
American Rescue Plan Act	93.575	EL393	130,117,122
American Rescue Plan Act	93.575	EL394	1,038,114
Coronavirus Response and Relief Supplemental Appropriations Funds	93.575	EL393	9,490,858
Coronavirus Response and Relief Supplemental Appropriations Funds	93.575	EL394	1,096,237
Total Child Care Development Fund (CCDF) Cluster			<u>191,656,439</u>
Total U.S. Department of Health and Human Services			<u>202,569,261</u>
U.S. Department of Education			
Direct Award			
Discretionary Community Funded Projects	84.215K	S215K220174	85,627
Pass-through from Florida's Division of Early Learning			
Education Stabilization Fund	84.425D	EL393	186,552
Total U.S. Department of Education			<u>272,179</u>
Pass-through from Career Source Palm Beach County			
WIA/WIOA Adult Program	17.258		19,136
WIA/WIOA Youth Activities	17.259		8,343
WIA/WIOA Dislocated Worker Formula Program	17.278		4,091
Total Pass-through from Career Source Palm Beach County			<u>31,570</u>
Total Expenditures of Federal Awards			<u>\$ 202,873,010</u>
State Financial Assistance:			
Florida Department of Education			
Pass-through from Florida's Division of Early Learning			
Voluntary Pre-Kindergarten Education Program	48.108	EL393	\$ 30,272,100
Voluntary Pre-Kindergarten Education Program - GR	SGU	EL393	1,466,447
Total Pass-through from Florida's Division of Early Learning			<u>31,738,547</u>
Total Florida Department of Education			<u>31,738,547</u>
Total Expenditures of State Financial Assistance			<u>\$ 31,738,547</u>
Total Expenditures of Federal Awards and State Financial Assistance			<u>\$ 234,611,557</u>

Early Learning Coalition of Palm Beach County, Inc.

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

June 30, 2023

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance (the "Schedule") includes the Federal grant and State financial assistance project activity of Early Learning Coalition of Palm Beach County, Inc. (the "Coalition") under programs of the federal government and the State of Florida for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles*, and Audit Requirements for Federal Awards and the State of Florida 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.

NOTE B – 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 and cost principles established by the State of Florida Department of Financial Services, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers (contract or grant number) are presented where available.

NOTE C – MATCHING REQUIREMENTS

Contract EL393 with Florida's Division of Early Learning ("FDEL") includes \$8,908,232 of State funding that is designated as matching funds for certain Federal awards. The FDEL matching funds are not reported as Federal awards in the accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance, nor are the FDEL matching funds subject to the Florida Single Audit Act since they are not considered State Financial Assistance under the Florida Single Audit Act. For audit testing purposes, the funds are included with the Federal award programs for which they are designated as matching. The amounts designated as matching funds for Federal award programs are summarized as follows:

<u>ALN Number</u>	<u>Amount</u>
93.596	\$ 2,916,933
93.558	5,991,299
Total	<u>\$ 8,908,232</u>

The Coalition is required to provide a local match for certain Federal and State funds received through FDEL. For the year ended June 30, 2022, the Coalition's total required local match was \$9,297,103 and the local matching funds provided by the Coalition totaled \$9,297,103.

Early Learning Coalition of Palm Beach County, Inc.

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

June 30, 2023

NOTE D – CONTINGENCY

Amounts received or receivable from grantor agencies are subject to audit and adjustment by those agencies, principally the Federal government and the State of Florida. Any disallowed claims, including amounts already received, might constitute a liability of the Coalition for the return of those funds. In the opinion of management, all grant expenditures were in compliance with the terms of the grant agreements and applicable Federal and State laws and regulations.

NOTE E – 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.



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

To the Board of Directors of
Early Learning Coalition of Palm Beach County, Inc.
Boynton Beach, 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 Palm Beach County, Inc.'s (the "Coalition") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the requirements described in the Department of Financial Services' *State Projects Compliance Supplement*, and special audit guidance provided by the Division of Early Learning that could have a direct and material effect on each of the Coalition's major federal programs and state projects for the year ended June 30, 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*, and 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*, and 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 or state project on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or state project will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program or state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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
February 1, 2024

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

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

- | | |
|---|--------------------|
| 1. Type of auditor’s report issued: | Unmodified Opinion |
| 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 Programs and State Financial Assistance Projects

- | | |
|---|--------------------|
| 1. Internal control over major Federal Award Programs and State Financial Assistance Projects: | |
| Material weakness(es) identified? | No |
| Significant deficiencies identified that are not considered to be material weaknesses? | None Reported |
| 2. Type of auditor’s report issued on compliance for major Federal Award Programs and State Financial Assistance Projects programs: | Unmodified Opinion |
| 3. Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance? | No |
| 4. Any audit findings disclosed that are required to be Reported in accordance with Chapter 10.650, Rules of the Audit General? | No |

Identification of Major Programs

Major Federal Award Programs and Clusters

ALN Number

- | | |
|--|------------------------------------|
| 1. U.S. Department of Health and Human Services
Pass-through from Florida’s Division of Early Learning
Temporary Assistance or Needy Families (TANF)
Child Care Development Fund (CCDF) Cluster
Head Start | 93.558
93.575, 93.596
96.600 |
| 2. Dollar threshold used to distinguish between Type A and Type B programs: | \$ 3,000,000 |
| 3. Auditee qualified as low-risk auditee? | Yes |

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

SECTION I – SUMMARY OF AUDITOR’S RESULTS (continued)

<u>Major State Financial Assistance Project</u>	<u>State CSFA Number</u>
1. Florida Department of Education Pass-through from Florida’s Division of Early Learning Voluntary Pre-Kindergarten Education Program	48.108
2. Dollar threshold used to distinguish between Type A and Type B programs:	\$ 952,156

SECTION II – ENHANCED FIELDS SYSTEM MODERNIZATION (EFS MOD) MONTHLY RECONCILIATION

1. EFS Mod reconciled monthly	Yes
2. Processes in place to identify and correct errors during monthly reconciliations to EFS Mod	Yes
3. Coalition’s financial records reconcile and agree to EFS Mod records as of program year ended June 30, 2023	Yes
4. Audit work papers documenting verification of reconciliations available to DEL staff	Yes

SECTION III – FINANCIAL STATEMENT FINDINGS

No current year findings (no corrective action plan or management letter required)

**SECTION IV – FEDERAL AWARD PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS
FINDINGS AND QUESTIONED COSTS**

There were no current year audit findings.

SECTION V – STATUS OF PRIOR YEAR AUDIT FINDINGS

There were no prior year audit findings.



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American Institute of
Certified Public
Accountants

Florida Institute of
Certified Public
Accountants

MANAGEMENT LETTER

To the Board of Directors of
Early Learning Coalition of Palm Beach County, Inc.
Boynton Beach, Florida

Report on the Financial Statements

We have audited the financial statements of Early Learning Coalition of Palm Beach County, Inc. (the "Coalition") as of and for the fiscal year ended June 30, 2023 and have issued our report thereon February 1, 2024.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 Auditor's 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 Auditor's Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance; and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated February 1, 2024, should be considered in conjunction with this management letter.

Additional Matters

Section 10.654(1)(e), Rules of the Auditor General, requires us to 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 did not note any such findings.

Purpose of this Letter

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

Moss, Krusick & Associates, LLC

Winter Park, Florida
February 1, 2024