

**THE SEMINOLE
COUNTY COALITION
FOR SCHOOL
READINESS, INC.
d/b/a
EARLY LEARNING
COALITION OF
SEMINOLE**

**Financial Statements and
Supplemental Information**

June 30, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
The Seminole County Coalition for School Readiness, Inc.
Longwood, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of The Seminole County Coalition for School Readiness, Inc. (a nonprofit organization) (the "Coalition"), d/b/a Early Learning Coalition of Seminole, 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.

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

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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 13, 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 13, 2024

**The Seminole County Coalition for School Readiness, Inc.
d/b/a Early Learning Coalition of Seminole**

STATEMENT OF FINANCIAL POSITION

June 30, 2023

ASSETS

Current assets:	
Cash and equivalents	\$ 4,094,333
Grants receivable	1,108,275
Prepaid expenses	<u>36,082</u>
Total current assets	<u><u>\$ 5,238,690</u></u>

LIABILITIES AND NET ASSETS

Current liabilities:	
Accounts payable	\$ 4,900,694
Other current liabilities	<u>151,820</u>
Total current liabilities	<u>5,052,514</u>
Net assets:	
Without donor restrictions	38,802
With donor restrictions	<u>147,374</u>
Total net assets	<u>186,176</u>
Total liabilities and net assets	<u><u>\$ 5,238,690</u></u>

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

**The Seminole County Coalition for School Readiness, Inc.
d/b/a Early Learning Coalition of Seminole**

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			
Government grants:			
Federal and state grants	\$ 64,071,590	\$ -	\$ 64,071,590
Matching revenue	213,538	-	213,538
Other - restricted revenue	30,149	108,295	138,444
Other - miscellaneous revenue	6,411	-	6,411
Net assets released from restrictions	<u>19,710</u>	<u>(19,710)</u>	<u>-</u>
Total revenues and support	<u>64,341,398</u>	<u>88,585</u>	<u>64,429,983</u>
EXPENSES			
Program services:			
Voluntary Pre-Kindergarten	12,981,476	-	12,981,476
School Readiness	50,359,411	-	50,359,411
Other	<u>269,186</u>	<u>-</u>	<u>269,186</u>
Total program services	<u>63,610,073</u>	<u>-</u>	<u>63,610,073</u>
Support services:			
Management and general	<u>730,705</u>	<u>-</u>	<u>730,705</u>
Total expenses	<u>64,340,778</u>	<u>-</u>	<u>64,340,778</u>
Changes in net assets	620	88,585	89,205
NET ASSETS AT BEGINNING OF YEAR	<u>38,182</u>	<u>58,789</u>	<u>96,971</u>
NET ASSETS AT END OF YEAR	<u><u>\$ 38,802</u></u>	<u><u>\$ 147,374</u></u>	<u><u>\$ 186,176</u></u>

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

**The Seminole County Coalition for School Readiness, Inc.
d/b/a Early Learning Coalition of Seminole**

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2023

	Program Services			Total	Management and general	Total
	Voluntary Pre- Kindergarten	School Readiness	Other			
Provider grants and incentives	\$ -	\$ 32,861,048	\$ 19,650	\$ 32,880,698	\$ 325	\$ 32,881,023
Childcare services	12,634,237	15,708,194	221,936	28,564,367	-	28,564,367
Salaries and benefits	217,365	1,370,817	17,150	1,605,332	575,170	2,180,502
Professional fees	98,523	145,104	-	243,627	56,588	300,215
Office equipment	13,478	122,591	-	136,069	23,740	159,809
Occupancy	9,810	75,696	-	85,506	21,357	106,863
IT and communications	3,946	30,182	-	34,128	19,088	53,216
Bank fees and other	284	5,676	9,354	15,314	10,810	26,124
Insurance	472	4,440	-	4,912	13,301	18,213
Office expense	777	14,477	86	15,340	2,756	18,096
Travel and conferences	1,627	12,059	457	14,143	3,218	17,361
Membership and subscriptions	787	5,770	501	7,058	890	7,948
Training and education	158	2,504	-	2,662	2,877	5,539
Postage and printing	12	853	52	917	585	1,502
Total expenses	\$ 12,981,476	\$ 50,359,411	\$ 269,186	\$ 63,610,073	\$ 730,705	\$ 64,340,778

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

**The Seminole County Coalition for School Readiness, Inc.
d/b/a Early Learning Coalition of Seminole**

STATEMENT OF CASH FLOWS

Year Ended June 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
Changes in net assets	\$ 89,205
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
Decrease (increase) in assets:	
Grants receivable	970,060
Prepaid expenses	(32,516)
Increase (decrease) in liabilities:	
Accounts payable	1,224,855
Other current liabilities	<u>(72,379)</u>
Net cash provided by operating activities	2,179,225
CASH AND EQUIVALENTS AT BEGINNING OF YEAR	<u>1,915,108</u>
CASH AND EQUIVALENTS AT END OF YEAR	<u><u>\$ 4,094,333</u></u>

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

**The Seminole County Coalition for School Readiness, Inc.
d/b/a Early Learning Coalition of Seminole**

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE A – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Organization and nature of operations

The Seminole County Coalition for School Readiness, Inc. (the “Coalition”), d/b/a Early Learning Coalition of Seminole, is a Florida not-for-profit corporation. The Coalition is authorized to implement the provisions of the “School Readiness Act” in Seminole County, Florida. The Coalition’s mission is to promote high quality school readiness services and after school care through community-responsive policy guidance and program outcome oversight. Led by a board of community leaders, the Coalition’s priority is to ensure that all eligible children, birth through five years of age, in Seminole County are afforded the opportunity for developmentally appropriate learning experiences leading to enhanced academic success, as funding permits, and to support the economic self-sufficiency of low-income families in need of before and after school care.

2. Basis of accounting and financial statement presentation

The accompanying financial statements and accompanying schedule have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and include all funds and activities over which the Board of Directors (the “Board”) of the Coalition has oversight and financial responsibility. 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 may designate 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 statement of activities and changes in net assets as net assets released from restrictions.

Some net assets with donor restrictions 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.

See Note G for more information on the composition of net assets with donor restrictions and the release of restrictions.

**The Seminole County Coalition for School Readiness, Inc.
d/b/a Early Learning Coalition of Seminole**

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE A – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3. Uses of Estimates in the financial statements

The preparation of the accompanying financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

4. Income taxes

The Coalition is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code and has been granted treatment as a publicly supported organization and not as a private foundation by the Internal Revenue Service.

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 that no accruals for tax liabilities are necessary. Therefore, no reserves for uncertain income tax positions have been recorded. The Coalition remains subject to examination by the Internal Revenue Service for the years ended June 30, 2021 through June 30, 2023.

5. Cash and equivalents

The Coalition considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. The Coalition maintains its cash deposits accounts in banks which participate in the Federal Deposit Insurance Corporation (FDIC) Program. Balances are insured up to \$250,000. At June 30, 2023, the Coalition had \$4,074,153 in excess of federally insured 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 equivalents.

6. Contributed nonfinancial assets

Contributed nonfinancial assets that are measurable are recorded as support at their fair market values at the date of receipt by the Coalition. As of June 30, 2023, the Coalition did not receive any contributed nonfinancial assets.

7. Grants receivable

Grants receivable at June 30, 2023, consisted of amounts due from state and local agencies and were recorded when services were provided. The Coalition's receivables as of June 30, 2023, are due in less than one year and are considered fully collectible.

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 958-605), which clarifies how transactions should be accounted for as contributions (nonreciprocal transactions) or exchange transactions and whether a contribution is conditional.

**The Seminole County Coalition for School Readiness, Inc.
d/b/a Early Learning Coalition of Seminole**

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE A – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

8. Revenue recognition (continued)

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. These amounts are reflected as revenue without donor restrictions if received and expended in the same year.

Revenue from program fees are 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 Voluntary Pre-Kindergarten grants, the Coalition receives advances on revenue which are to be repaid to the state.

9. Deferred Revenue

Deferred revenue represents grant revenues collected but not yet earned. Revenues from grant proceeds are not recognized until expended.

10. Functional allocation of expenses

The costs of providing the various programs and supporting services activities have been summarized on a functional basis in the statement of functional expenses. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the program and supporting services benefited. See Note F for additional information.

11. Recently adopted accounting pronouncements

In February 2016, the 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 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. The adoption of this pronouncement has no impact to the financial statements.

12. Subsequent events

Management has evaluated the effect subsequent events would have on the financial statements and has concluded that there are no subsequent events that would require disclosure through the date these financial statements were available to be issued on March 13, 2024.

NOTE B – CONCENTRATIONS

1. Economic dependency

The Coalition received substantially all of its revenue from federal and state contracts during the year ended June 30, 2023. The continuance of state and federal funding is subject to annual legislative budgetary review.

**The Seminole County Coalition for School Readiness, Inc.
d/b/a Early Learning Coalition of Seminole**

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE B – CONCENTRATIONS (continued)

2. Concentration of credit risk

The activities of the Coalition are conducted in Seminole County, Florida and are supported by funding provided by government agencies. Expenditures incurred by the Coalition associated with the execution of various grants are subject to audit and possible disallowance by the grantor agency. The Coalition would be held responsible for recovery (reimbursement to the grantor agency) of disallowed amounts. Management believes that if audited, any adjustment for disallowed expenses would be immaterial in amount.

NOTE C – RELATED PARTY TRANSACTIONS

As mandated by Chapter 1002, Part VI School Readiness and 1002.83 Early Learning Coalitions, certain members of the Coalition’s Board are affiliated with the School Board of Seminole County (an early care and learning provider) and Seminole State College of Florida, with whom the Coalition performs services, considering them a related party. During the year ended June 30, 2023, the Coalition made payments to and had outstanding payables and receivables with related parties as follows:

Payments made:	
School Board of Seminole County	<u>\$ 10,064</u>
Payables at year end:	
School Board of Seminole County	<u>\$ 5,082</u>

Effective July 1, 2010, the Florida Legislature mandated that all board members of Early Learning Coalitions shall be considered eligible to vote on all matters, subject to the restrictions for related party transactions imposed on all board members by the By-Laws of the Coalition for related party transactions.

NOTE D – LEASES AND COMMITMENTS

The Coalition had one non-cancelable operating lease agreement for the rental of office space, which expired on April 30, 2023. The Coalition is currently leasing its office space on a month to month basis, which does not meet the criteria for recognition under ASC 2016-02, *Leases*.

Lease expense for the year ended June 30, 2023, totaled \$84,949 which is included in occupancy on the Statement of Functional Expenses.

NOTE E – QUALIFIED RETIREMENT PLAN

The Coalition established a qualified retirement plan effective January 2006, for all qualifying employees. All regular full-time employees that have worked a minimum of 1,000 regular paid hours are eligible to participate in the plan. The Coalition will contribute 3% of the employee’s salary plus an additional 3% of the employee’s salary in matching funds pro-rated for any salary adjustments occurring between deposits in the plan. The Coalition provided \$38,487 for matching contributions and retirement benefits to the plan for the year ended June 30, 2023. Employees are immediately vested in their contributions and the matching contributions.

**The Seminole County Coalition for School Readiness, Inc.
d/b/a Early Learning Coalition of Seminole**

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE F – CALCULATION OF MAXIMUM ADMINISTRATIVE EXPENSES

The following compares administrative expenses incurred to expenses subject to the maximum 5% and 4% administrative expenses for the School Readiness program and Voluntary Pre-Kindergarten program, respectively, allowed by the Division of Early Learning (“DEL”):

	School Readiness	Voluntay Pre-Kindergarten	Total
Total administrative expenses subject to 5% and 4% maximum	\$ 169,660	\$ 423,225	\$ 592,885
Maximum 5% and 4% administrative expenses allowable per DEL	844,754	423,225	1,267,979
Administrative expenses under maximum	\$ (675,094)	\$ -	\$ (675,094)

NOTE G – 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 rent expense, which is allocated on a square footage basis, as well as salaries and benefits, professional fees, insurance, travel and conferences, office expense, equipment, and postage and printing, which are allocated on the basis of estimates of time and effort.

NOTE H – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following:

	June 30, 2022	Proceeds	Released	June 30, 2023
United Way	\$ 56,339	\$ 90,000	\$ -	\$ 146,339
University of Florida	2,450	18,295	(19,710)	1,035
	\$ 58,789	\$ 108,295	\$ (19,710)	\$ 147,374

The Seminole County Coalition for School Readiness, Inc.
d/b/a Early Learning Coalition of Seminole

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE I – LIQUIDITY AND AVAILABILITY OF RESOURCES

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

Cash and equivalents	\$ 4,094,333
Grants receivable	1,108,275
Total financial assets available within one year	<u>5,202,608</u>
Less:	
Accounts payable	(4,900,694)
Other current liabilities	<u>(151,820)</u>
Total amounts unavailable for general expenditures within one year	<u>(5,052,514)</u>
Total financial assets available to management for general expenditure within one year	<u>\$ 150,094</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 as they come due. The Coalition receives approximately 99% of funding from federal and state grants passed through DEL 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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To the Board of Directors of

The Seminole County Coalition for School Readiness, Inc.
Longwood, 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 The Seminole County Coalition for School Readiness, Inc. (a nonprofit organization) (the "Coalition"), d/b/a Early Learning Coalition of Seminole, which comprise the statement of financial position as of June 30, 2023, and the related statement 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 13, 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*.

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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 13, 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
The Seminole County Coalition for School Readiness, Inc.
Longwood, Florida

Report on Compliance for Each Major Federal Program and State Project

Opinion on Each Major Federal Program and State Project

We have audited The Seminole County Coalition for School Readiness, Inc.'s (the Coalition), d/b/a Early Learning Coalition of Seminole 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) and 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

Auditor's Responsibilities for the Audit of Compliance (continued)

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*, 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 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 13, 2024

**The Seminole County Coalition for School Readiness, Inc.
d/b/a Early Learning Coalition of Seminole**

**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 the Uniform Guidance? | No |
| 4. Dollar threshold used to distinguish between Type A and Type B programs | \$1,576,236 |
| 5. Auditee qualified as low-risk auditee? | Yes |

Identifications of major programs:

<u>Name of Federal Programs</u>	<u>ALN</u>
Temporary Assistance for Needy Families	93.558
Child Care and Development Fund Cluster	93.575, 93.596

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 |

**The Seminole County Coalition for School Readiness, Inc.
d/b/a Early Learning Coalition of Seminole**

**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 (continued)

- | | |
|--|-----------|
| 3. Audit findings disclosed that are required to be reported in accordance with the Florida Single Audit Act and Chapter 10.650, <i>Rules of the Auditor General</i> | No |
| 4. Dollar threshold used to distinguish between Type A and Type B projects | \$750,000 |

Identification of major projects:

<u>Name of State Projects</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.

**The Seminole County Coalition for School Readiness, Inc.
d/b/a Early Learning Coalition of Seminole**

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 the Division of Early Learning</i>			
<i>CCDF Cluster</i>			
Child Care and Development Block Grant	93.575	EL463	\$ 7,839,289
Coronavirus Aid, Relief, and Economic Security Act	93.575	EL463	120,275
Coronavirus Response and Relief Supplemental Appropriations Funds	93.575	EL463	2,029,760
Coronavirus Response and Relief Supplemental Appropriations Funds	93.575	EL464	200,207
American Rescue Plan Act	93.575	EL463	33,281,830
American Rescue Plan Act	93.575	EL464	95,048
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	EL463	<u>3,889,679</u>
Total Child Care Development Fund Cluster			47,456,088
Temporary Assistance for Needy Families	93.558	EL463	5,071,691
Preschool Development Grant	93.434	EL463	7,556
Social Services Block Grant	93.667	EL463	<u>5,950</u>
Total Expenditures of Federal Awards			<u>\$ 52,541,285</u>
State Financial Assistance:			
State of Florida Department of Education			
<i>Passed through the Division of Early Learning</i>			
Voluntary Pre-Kindergarten Education Program	48.108	EL463	\$ 11,031,111
Voluntary Pre-Kindergarten Education Program - GR	SGU	EL463	<u>499,194</u>
Total Expenditures of State Financial Assistance			<u>\$ 11,530,305</u>
Total Expenditures of Federal Awards and State Financial Assistance			<u>\$ 64,071,590</u>

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), State of Florida Chapter 10.650, *Rules of the Auditor General*, and the Department of Financial Services' *State Projects Compliance Supplement*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Indirect Cost 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.