

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

**Financial Statements
and Supplemental
Information**

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

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Partners

W. Ed Moss, Jr.
Joe M. Krusick
Cori G. Cameron
Bob P. Marchewka
Ric Perez
Renee C. Varga
Richard F. Hayes
Frank J. Guida
John J. Rody, Jr.
Shawn M. Marshall

Winter Park, FL 32789
501 S. New York Ave.
Suite 100
Phone: 407-644-5811
www.mosskrusick.com

N. Palm Beach, FL 33408
631 US Highway One
Suite 405
Phone: 561-848-9300

Miami Lakes, FL 33016
7900 NW 155th Street
Suite 201
Phone: 305-445-7956

American Institute of
Certified Public
Accountants

Florida Institute of
Certified Public
Accountants

INDEPENDENT AUDITOR’S REPORT

To the Board of Directors of
The School Readiness Coalition of Sarasota County, Inc.
Sarasota, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of The School Readiness Coalition of Sarasota County, Inc. (a nonprofit organization), d/b/a Early Learning Coalition of Sarasota County (the “Coalition”), which comprise the statements of financial position as of June 30, 2023, and 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Coalition as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 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 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

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

STATEMENTS OF FINANCIAL POSITION

June 30, 2023 and 2022

	2023	2022
ASSETS		
Current assets		
Cash	\$ 2,142,349	\$ 2,514,275
Contracts and grants receivable	99,982	107,732
Prepaid assets	7,494	6,517
Total current assets	2,249,825	2,628,524
Operating lease ROU asset	79,478	-
Total assets	\$ 2,329,303	\$ 2,628,524
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 1,276,247	\$ 37,530
Accrued payroll and benefits	84,823	91,544
Advances payable to grantor agency	156,824	194,552
Due to providers	169,265	1,849,262
Deferred revenue	170,639	127,477
Operating lease liability	31,508	-
Total current liabilities	1,889,306	2,300,365
Non-current operating lease liability	49,086	-
Total liabilities	1,938,392	2,300,365
Net assets		
Without donor restrictions	390,911	328,159
Total liabilities and net assets	\$ 2,329,303	\$ 2,628,524

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

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

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

Years Ended June 30, 2023 and 2022

Revenue:	2023	2022
Florida's Division of Early Learning		
School readiness services	\$ 22,564,167	\$ 13,411,988
Voluntary pre-kindergarten services	4,382,795	4,020,365
Sarasota County program funding	748,915	528,351
Local grants	61,430	56,538
Other income	225,828	216,856
Contribution of non-financial assets		
Donated space	57,078	29,610
Professional services	4,233	5,837
Total revenue	28,044,446	18,269,545
 Expenses:		
Program services		
School readiness services	22,282,883	13,592,190
Voluntary pre-kindergarten services	4,959,731	3,951,429
Other quality programs	310,244	331,870
Total program expenses	27,552,858	17,875,489
Supporting services		
Administrative	428,836	377,885
Total expenses	27,981,694	18,253,374
 Changes in net assets	62,752	16,171
 NET ASSETS - BEGINNING OF YEAR	328,159	311,988
 NET ASSETS - END OF YEAR	\$ 390,911	\$ 328,159

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

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

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2023

	Program Services			Total Program Expenses	Supporting Services	Total
	School Readiness Services	Voluntary Pre-Kindergarten Services	Other Quality Programs		Administrative	
Child care payments	\$ 8,870,342	\$ 4,866,324	\$ 10,175	\$ 13,746,841	\$ -	\$ 13,746,841
Grants to providers - ARP Act	10,819,507	-	-	10,819,507	-	10,819,507
Salaries and wages, employee benefits and payroll costs	943,210	41,936	20,028	1,005,174	229,427	1,234,601
Provider training and quality support	601,300	-	188,494	789,794	-	789,794
Grants to providers - CRRSA Act	676,930	-	-	676,930	-	676,930
Parent education materials	170,609	-	41,346	211,955	-	211,955
Professional fees	3,705	45,329	46,077	95,111	36,683	131,794
Accounting fees	22,271	-	-	22,271	64,513	86,784
Building occupancy	65,860	2,547	-	68,407	11,068	79,475
Telephone and internet	50,990	1,769	341	53,100	10,417	63,517
Insurance expense	24,156	1,051	429	25,636	4,751	30,387
Printing and copying	11,518	410	-	11,928	3,247	15,175
Equipment	10,629	60	-	10,689	379	11,068
Office supplies	6,853	214	677	7,744	1,030	8,774
Other expenses	100	5	2,169	2,274	4,235	6,509
Travel and training	3,333	28	373	3,734	205	3,939
Postage	1,570	58	125	1,753	1,145	2,898
Membership and bank fees	-	-	10	10	425	435
Non-financial expense						
Donated space	-	-	-	-	57,078	57,078
Professional services	-	-	-	-	4,233	4,233
Total expenses	<u>\$ 22,282,883</u>	<u>\$ 4,959,731</u>	<u>\$ 310,244</u>	<u>\$ 27,552,858</u>	<u>\$ 428,836</u>	<u>\$ 27,981,694</u>

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

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

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2022

	Program Services			Total Program Expenses	Supporting Services	Total
	School Readiness Services	Voluntary Pre-Kindergarten Services	Other Quality Programs		Administrative	
Child care payments	\$ 6,953,683	\$ 3,910,214	\$ 13,938	\$ 10,877,835	\$ -	\$ 10,877,835
Grants to providers - CRRSA Act	2,971,118	-	-	2,971,118	-	2,971,118
Grants to providers - ARP Act	2,409,243	-	-	2,409,243	-	2,409,243
Salaries and wages, employee benefits and payroll costs	866,703	35,013	37,467	939,183	219,870	1,159,053
Provider training and quality support	208,857	-	183,506	392,363	-	392,363
Professional fees	5,884	-	63,317	69,201	33,665	102,866
Building occupancy	64,329	2,681	-	67,010	11,030	78,040
Accounting fees	13,289	-	-	13,289	45,168	58,457
Telephone and internet	33,221	1,412	116	34,749	8,231	42,980
Parent education materials	15,830	-	30,739	46,569	1,715	48,284
Insurance expense	21,013	897	560	22,470	4,806	27,276
Printing and copying	14,426	644	-	15,070	2,797	17,867
Office supplies	6,149	275	595	7,019	1,033	8,052
Membership and bank fees	-	-	-	-	8,065	8,065
Other expenses	715	34	1,562	2,311	3,017	5,328
Postage	1,056	60	42	1,158	1,165	2,323
Equipment	4,021	158	-	4,179	783	4,962
Travel and training	2,653	41	28	2,722	1,093	3,815
Non-financial expense						
Donated space	-	-	-	-	29,610	29,610
Professional services	-	-	-	-	5,837	5,837
Total expenses	<u>\$ 13,592,190</u>	<u>\$ 3,951,429</u>	<u>\$ 331,870</u>	<u>\$ 17,875,489</u>	<u>\$ 377,885</u>	<u>\$ 18,253,374</u>

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

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

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 62,752	\$ 16,171
Adjustments to reconcile changes in net assets to net cash (used in) provided by operating activities:		
Non-cash rent	1,116	-
(Increase) decrease in assets:		
Contracts and grants receivable	7,750	259,804
Prepaid assets	(977)	3,229
Increase (decrease) in liabilities:		
Accounts payable	1,238,717	(16,153)
Accrued payroll and benefits	(6,721)	30,316
Advances payable to grantor agency	184,581	(478,176)
Due to providers	(747,720)	760,137
Deferred revenue	43,162	46,329
	782,660	621,657
Net cash (used in) provided by operating activities		
	782,660	621,657
Net (decrease) increase in cash		
	2,514,275	1,892,618
CASH - BEGINNING OF YEAR		
	2,514,275	1,892,618
CASH - END OF YEAR		
	\$ 3,296,935	\$ 2,514,275
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES		
ROU asset - implementation	\$ 110,379	\$ -
Lease liability - implementation	(110,379)	-
	-	-

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

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE A - ORGANIZATION

The School Readiness Coalition of Sarasota County, Inc. (the Coalition), d/b/a Early Learning Coalition of Sarasota County, is a not-for-profit organization incorporated in the State of Florida in 2000. The Coalition's purpose is to provide administration and oversight of federal, state and local funds that ensure an integrated school readiness program offering a broad range of services to enhance the overall system of quality childcare and early education services for preschool children in Sarasota County. This includes state and local funds for financial assistance for income eligible families under the original Florida School Readiness Act of 1999, the Voluntary Pre-Kindergarten (VPK) program for all 4-year-olds, implemented by the Florida Legislature in 2005 in response to the Constitutional Amendment passed by the state's citizens in 2002, and Child Care Resource and Referral services providing information regarding quality child care for all families, regardless of income. The Coalition is also responsible for the coordination of local efforts to ensure that young children are prepared for success in school and that child care providers educate and care for preschool children in appropriate, high quality early learning environments that meet legislative mandates.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Functional allocation of expenses

The cost of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Administration: This designation includes the functions necessary to maintain the Coalition's programs and activities; to provide coordination and articulation of the Coalition's program strategy through oversight of an executive director; to secure the proper administrative functioning of the board of directors (the "Board"); and to manage the financial and budgetary responsibilities of the Coalition.

Programs: The following programs are included in the accompanying financial statements: School Readiness - programs to provide financial scholarships for child care for eligible parents and to empower parents as a child's first teacher and help them prepare their children to be ready for school. Voluntary Pre-Kindergarten - program available for every four-year-old in Florida for 540 hours of care in either a traditional school year or a summer program. Quality Improvement System (QIS) - program which oversees the implementation of a local Quality Rating System for child care providers to support high quality early learning environments. A portion of the School Readiness program funds designated for quality expenses also go toward QIS activities.

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2. Use of estimates

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

3. Basis of accounting and financial statement presentation

The accompanying financial statements and accompanying schedules have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and include all funds and activities over which 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 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.

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4. 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.

Revenue from government grants are 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 without donor restrictions have been earned as of June 30, 2023 and 2022. These amounts are reflected as revenue 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.

The Coalition received advance funding on several program awards, which qualify as deferred revenue under generally accepted accounting principles until the related services are delivered. The total amount of all deferred revenue was \$170,639 and \$127,477 at June 30, 2023 and 2022, respectively.

5. Credit risk

Financial instruments, which potentially expose the Coalition to concentrations of credit risk, consist principally of cash bank deposits. The Coalition's policy is to place its cash investments with high quality financial institutions. The Coalition maintains its cash deposits accounts in institutions which are Federal Deposit Insurance Corporation insured, and which provide coverage on balances up to \$250,000 per depositor per institution.

The Coalition maintains its cash in bank deposit accounts which, at times, may exceed 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 cash equivalents. The Coalition acknowledges that balances over the insured amount are subject to risk.

6. Contracts and grants receivable

Accounts receivable, which consists principally of grants due from federal and state governmental agencies, are recorded when services are provided. The Coalition's receivables as of June 30, 2023 and 2022 are due in less than one year and management believes all receivables are fully collectible.

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

7. Furniture and equipment

The Coalition's policy is to capitalize furniture and equipment with a cost in excess of \$5,000 and a useful life greater than one year. Depreciation is provided on a straight-line basis over the estimated useful lives of three to five years. As of June 30, 2023 and 2022, the Coalition has fully depreciated \$25,165 of furniture and equipment.

Furniture and equipment acquired with governmental funds is considered to be owned by the Coalition while used in the program for which it was purchased or in future authorized programs; however, its disposition as well as the ownership of any proceeds from the sale of assets there from is subject to applicable regulations.

8. Income taxes

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

Management has analyzed the Coalition's various federal and state filing positions and believes that its income tax filing positions and deductions are well documented and supported and 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.

9. Advances payable to grantor agency

The Coalition receives advances on grant awards to meet its cash flow needs. As a result, these amounts are recorded as advances payable to the grantor agency in the statement of financial position until the amounts are paid back to the grantor agency as part of the agreement. Amounts not paid back at the end of the period are considered liabilities until paid back or forgiven by the grantor agency.

11. Accounting pronouncements implemented

In February 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-02, *Leases*, that requires lessees to put most leases on their balance sheets and recognize expenses on their income statements in a manner similar to today's capital lease accounting. For lessors, the guidance modifies the classification criteria for accounting for sales-type and direct financing leases. The Coalition adopted the lease standard effective July 1, 2022 as disclosed in Note E.

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

11. Accounting pronouncements implemented (continued)

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 had no significant impact on the Coalition's financial statements.

12. Reclassifications

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

13. Subsequent events

Subsequent events have been evaluated through February 1, 2024, which is the date the financial statements were available to be issued.

NOTE C - CONTRACTS AND GRANTS RECEIVABLE

Contracts and grants receivable consisted of the following amounts at June 30:

	<u>2023</u>	<u>2022</u>
Sarasota County Program	\$ 59,325	\$ 54,265
Save the Children	18,000	-
Florida's Division of Early Learning (DEL)	17,740	28,439
Community Foundation	4,118	13,208
Other	799	7,470
University of Florida	-	4,350
Total contracts and grants receivable	<u>\$ 99,982</u>	<u>\$ 107,732</u>

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE D - MATCH REQUIREMENTS

From the funds in General Appropriations Act, Specific Appropriation 85, \$30,000,000 is provided to expand the provision of services to low income families at or below 200 percent of the federal poverty level as long as the income does not exceed 85 percent of the state median income. To be eligible for funding, the Coalition must match the state funds on a dollar-for-dollar basis and the local match must comply with federal Child Care and Development Block Grant matching requirements. During the years ended June 30, 2023 and 2022, the local matching requirements were met.

NOTE E - COMMITMENTS AND CONTINGENCIES

1. Federal and state appropriated funds

The Coalition received 96% and 95% of its support from the federal and state governments in the form of grants for the years ended June 30, 2023 and 2022, respectively. A significant reduction in the level of this support, if this were to occur, may have a significant effect on the Coalition's programs and activities.

Government grants require the fulfillment of certain conditions as set forth in applicable laws, rules and regulations and in the grant agreements. Failure to fulfill the conditions could result in the return of the funds to the grantor. Management believes such disallowances, if any, would not be material.

2. Operating lease

As disclosed in Note B, the Coalition adopted FASB ASU 2016-02 as of July 1, 2022. The Coalition leases space for its administrative offices under non-cancelable operating lease agreements. These leases are the only leases required to be included on the statement of financial position under FASB ASU 2016-02. As a result, adopting FASB ASU 2016-02 had no impact to prior year state of financial position information, and because the leases are operating leases, the adoption of this standard has no impact on the results of operations.

The Coalition has elected to apply the short-term lease exception to all leases with a term of one year or less. As of June 30, 2023, the right-of-use (ROU) asset had a balance of \$79,478, as shown in the statement of financial position; the lease liability is included in current liabilities (\$31,508) and long-term liabilities (\$49,086). The lease asset and liability were calculated utilizing the risk-free discount rate (4.463%), according to the Coalition's elected policy.

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE E - COMMITMENTS AND CONTINGENCIES (continued)

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

<u>Lease costs (included in building occupancy):</u>	
Operating lease cost	\$ 34,805
Total lease cost	<u>\$ 34,805</u>

Other information:

Cash paid for amounts included in measuring operating lease liability:	
Operating cash flows from operating lease	\$ 33,689
Total cash paid for amounts included in measuring operating lease liability	<u>\$ 33,689</u>

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

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

2024	\$ 34,472
2025	35,678
2026	<u>15,079</u>
Total lease payments	85,229
Less: interest	<u>(4,635)</u>
Present value of lease liability	<u>\$ 80,594</u>

NOTE F - 401K PLAN

The Coalition provides a 401(k) retirement plan for its employees. All regular full-time employees who are at least 21 years of age or older and have performed six months of credited service are eligible to participate. The Coalition matches participants' contribution to the retirement plan up to 5% of the individual participant's annual pay. For the years ended June 30, 2023 and 2022, the Coalition's total contribution to the plan was \$25,892 and \$26,701, respectively.

NOTE G - RELATED PARTY TRANSACTIONS

The Coalition has reviewed fiscal 2023 and 2022 transactions and June 30, 2023 and 2022 balances for related parties and noted none requiring disclosure in the financial statements.

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE H - 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 building occupancy and telephone and internet, which are allocated on a square footage basis, as well as salaries and wages, benefits and payroll costs, professional fees, insurance, and travel and training, which are allocated on the basis of estimates of time and effort.

NOTE I - CONTRIBUTED NON-FINANCIAL ASSETS

Contributed non-financial assets that are measurable are recorded as support at their fair values at the date of receipt by the Coalition. The contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

Upon receipt of contributions of non-financial assets, a corresponding amount is recorded as an expense or is capitalized as property and equipment. Donated space includes donated office space and professional services includes professional accounting services. For the years ended June 30, 2023 and 2022, contributed non-financial assets recognized as revenue and expense within the Statements of Activities and Statements of Functional Expenses included:

	2023	2022
Donated space	\$ 57,078	\$ 29,610
Professional services	4,233	5,837
	\$ 61,311	\$ 35,447

NOTE J - SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

The schedule of expenditures of federal awards and state financial assistance follows the accrual basis of accounting. Accounting principles generally accepted in the United States of America require recognition of the expenditures in the period incurred and recognition of the corresponding reimbursement once the amount is earned and collection is certain. Reconciliations of the schedule of expenditures of federal awards and state financial assistance to federal and state expenditures included in the statement of activities and change in net assets is as follows:

Federal expenditures - schedule of federal awards and state financial assistance	\$ 22,586,291
Refunds and adjustments due to DEL	<u>(22,124)</u>
Statement of activities and change in net assets – DEL - school readiness services	<u>\$ 22,564,167</u>

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE K - LIQUIDITY AND AVAILABILITY OF RESOURCES

The Coalition's financial assets available within one year of the statements of financial position date for general expenditures as of June 30 are as follows:

	2023	2022
Cash	\$ 2,142,349	\$ 2,514,275
Contracts and grants receivable	99,982	107,732
Total financial assets available within one year	2,242,331	2,622,007
Less:		
Amounts unavailable for general expenditures within one year:		
Accounts payable	(121,661)	(37,530)
Accrued payroll and benefits	(84,823)	(91,544)
Accounts payable to grantor agency	(379,133)	(194,552)
Due to providers	(1,101,542)	(1,849,262)
Deferred revenue	(170,639)	(127,477)
Future lease payments	(31,508)	-
Total amounts unavailable for general expenditures within one year	(1,889,306)	(2,300,365)
Total financial assets available to management for general expenditure within one year	\$ 353,025	\$ 321,642

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 96% and 95% for the years ended June 30, 2023 and 2022, respectively, of its funding from federal and state grants passed through DEL which are on a reimbursable basis. Throughout the year, the Coalition receives monthly advances and reimbursements from DEL to cover incurred expenses and to manage unanticipated liquidity needs.

SUPPLEMENTAL INFORMATION



Partners

W. Ed Moss, Jr.
Joe M. Krusick
Cori G. Cameron
Bob P. Marchewka
Ric Perez
Renee C. Varga
Richard F. Hayes
Frank J. Guida
John J. Rody, Jr.
Shawn M. Marshall

Winter Park, FL 32789
501 S. New York Ave.
Suite 100
Phone: 407-644-5811
www.mosskrusick.com

N. Palm Beach, FL 33408
631 US Highway One
Suite 405
Phone: 561-848-9300

Miami Lakes, FL 33016
7900 NW 155th Street
Suite 201
Phone: 305-445-7956

American Institute of
Certified Public
Accountants

Florida Institute of
Certified Public
Accountants

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

To the Board of Directors of
The School Readiness Coalition of Sarasota County, Inc.
Sarasota, 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 School Readiness Coalition of Sarasota County, Inc. (the "Coalition") (a nonprofit organization), d/b/a Early Learning Coalition of Sarasota County, 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



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

Partners

W. Ed Moss, Jr.
Joe M. Krusick
Cori G. Cameron
Bob P. Marchewka
Ric Perez
Renee C. Varga
Richard F. Hayes
Frank J. Guida
John J. Rody, Jr.
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Winter Park, FL 32789
501 S. New York Ave.
Suite 100
Phone: 407-644-5811
www.mosskrusick.com

N. Palm Beach, FL 33408
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To the Board of Directors of
The School Readiness Coalition of Sarasota County, Inc.
Sarasota, 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 School Readiness Coalition of Sarasota County, Inc. (the "Coalition") (a nonprofit organization), d/b/a Early Learning Coalition of Sarasota County's 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); Chapter 10.650, *Rules of the Auditor General*, and special audit guidance provided by the Division of Early Learning. Our responsibilities under those standards and the Uniform Guidance 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, *Rules of the Auditor General* 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.

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

Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Coalition's compliance with the requirements of each major federal program and state project as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.650 *Rules of the Auditor General*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Coalition's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Coalition's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.650, *Rules of the Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of the Coalition's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and Chapter 10.650, *Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose.

Moss, Krusick & Associates, LLC

Winter Park, Florida
February 1, 2024

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

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 | \$750,000 |
| 5. Auditee qualified as low-risk auditee? | Yes |

Identification of major programs:

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

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

June 30, 2023

Section I – Summary of Auditor’s Results (continued)

State Financial Assistance

- | | |
|--|---------------|
| 1. Type of auditor's report issued on compliance for major projects: | Unmodified |
| 2. Internal control over major projects: | |
| a. Material weakness(es) identified? | No |
| b. Significant deficiencies identified that are not considered to be material weaknesses? | None reported |
| 3. Audit findings disclosed that are required to be reported in accordance with the Florida Single Audit Act and Chapter 10.650, <i>Rules of the Auditor General</i> | No |
| 4. Dollar threshold used to distinguish between Type A and Type B projects | \$750,000 |

Identification of major projects:

<u>Name of State Project</u>	<u>CSFA Number</u>
Voluntary Pre-Kindergarten	48.108

Section II – Enhanced Fields System (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 findings.

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

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 State of Florida's Division of Early Learning for School Readiness Services</i>			
Child Care and Development Block Grant	93.575	EL453	\$ 4,469,170
Child Care and Development Block Grant - CARES	93.575	EL453	<u>45,647</u>
Total Child Care and Development Block Grant			4,514,817
Coronavirus Response and Relief Supplemental Appropriations Funds	93.575	EL453	1,061,144
Coronavirus Response and Relief Supplemental Appropriations Funds	93.575	EL454	<u>23,219</u>
Total Coronavirus Response and Relief Supplemental Appropriations Funds			1,084,363
American Rescue Plan Act	93.575	EL453	12,050,766
American Rescue Plan Act	93.575	EL454	<u>50,314</u>
Total American Rescue Plan Act			12,101,080
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	EL453	<u>2,537,685</u>
Total Child Care and Development Fund Cluster			20,237,945
Temporary Assistance for Needy Families	93.558	EL453	2,295,836
Preschool Development Grant	93.434	EL453	19,144
Social Services Block Grant	93.667	EL453	4,772
U.S. Department of Education			
<i>Passed through State of Florida's Division of Early Learning</i>			
Elementary and Secondary School Emergency Relief Fund	84.425D	EL453	8,213
Elementary and Secondary School Emergency Relief Fund	84.425D	EL454	<u>20,381</u>
Total Elementary and Secondary School Emergency Relief Fund			<u>28,594</u>
Total Expenditures of Federal Awards			<u>\$ 22,586,291</u>
State Financial Assistance:			
State of Florida Department of Education			
<i>Passed through State of Florida's Division of Early Learning</i>			
Voluntary Pre-Kindergarten Services	48.108	EL453	\$ 4,243,467
Voluntary Pre-Kindergarten Services - State General Revenue Unrestricted 2022-2023	-	2022-23 SGU	<u>139,328</u>
Total Expenditures of State Financial Assistance			<u>\$ 4,382,795</u>
Total Expenditures of Federal Awards and State Financial Assistance			<u>\$ 26,969,086</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 costs 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.