

## Audit Committee Meeting Agenda

March 5, 2026, at 12:00 PM

**Zoom Meeting**

Meeting ID: 890 7255 1668    Passcode: 625886

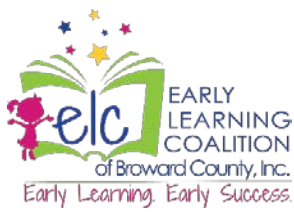
<https://us06web.zoom.us/j/89072551668?pwd=a5kWubjFC7m9RcERlxw0aQsG5pzGMn.1>

*Members are reminded of conflict-of-interest provisions. In declaring a conflict, please refrain from voting or discussing and declare the following information: 1) Your name and position on the Board, 2) The nature of the conflict, and 3) Who will gain or lose as a result of the conflict. Please also fill out Form 8B prior to the meeting.*

PAGE		
<b>1.</b>	<b>Call to Order</b>	Renee Podolsky, Audit Chair
<b>2.</b>	<b>Roll Call</b>	Melody Martinez, Board Liaison
<b>3.</b>	<b>Consent Agenda</b> 1. Approve September 10, 2025, Committee meeting minutes.	<b>2</b> Renee Podolsky, Audit Chair
<b>4.</b>	<b>Regular Business</b> 1. AUD262RB1- Accept Draft FY25 Financial Statement Audit Report and DRAFT 2024 Form 990 2. AUD262RB2- Update on IRS Voluntary Correction Program application for ELC Retirement Plan	<b>4</b> Renee Podolsky, Audit Chair Christine Klima, CAO <b>5</b> Alex Auguste, Citrin Cooperman LLP
<b>5.</b>	<b>Unfinished Business</b> <b>New Business</b> <b>Matters from our Partners</b> <b>Public Comment</b>	
<b>6.</b>	<b>Next ELC Audit Meeting: <u>TBD</u></b>	
<b>7.</b>	<b>Adjourn</b>	

**Please Note:** The Agenda is subject to revisions and additions at the discretion of the Chair of the Coalition. Notification will be sent of any such revisions or additions. **Members of the Public:** Please sign up by sending an email to [Publiccommentssignup@elcbroward.org](mailto:Publiccommentssignup@elcbroward.org). Public comments regarding any agenda item must be submitted no later than five minutes after the Coalition meeting has been called to order.

*“As per [§286.0105, Fla. Stat.](#), Any person who decides to appeal any decision of the Board with respect to any matter considered at this meeting will need a record of the proceedings and for such purpose, may need to ensure that a verbatim record of the proceedings is made which record includes testimony and evidence upon which the appeal is to be based.”*



**Early Learning Coalition of Broward County**  
**Audit Committee Meeting Minutes**  
**September 10, 2025, at 10:00 AM**  
**Virtual Meeting**

Members in Attendance	Chair, Renee Podolsky; Sharonda Bailey; Ellie Schrot; Traci Schweitzer
Members Absent (Excused)	Michael Asseff
Members Absent (Unexcused)	
Staff in Attendance	Renee Jaffe, CEO; Christine Klima, CAO; Hubert Cesar, CIO; Melody Martinez, Board Liaison & Executive Assistant; Andres Calero, Accountant; Daniel Hollenbaugh, AP and Payroll Manager; Elmise Sawyer-Brown, Accounting Specialist; Irene Ramos, Office Coordinator; Kiana Nieves, Accounting Specialist; Louvonnia Brown, Provider Reimbursement Manager; Reinier Potts, Financial Analyst; Roy Persaud, Accountant; Sandra Paul, Sr. Dir. of Provider Reimbursement
Others in Attendance	Julie Klahr, Legal Counsel; Jamie Lontz, Engagement Partner at Citrin Cooperman

Item	Action/Discussion
Welcome & Call to Order	Chair Renee Podolsky called the meeting to order at 10:00 a.m. The roll was called, and a quorum was established.
<b>CONSENT AGENDA</b> 1. Approve March 4, 2025, Committee meeting minutes.	A <b>Motion</b> was made by Traci Schweitzer and <b>Seconded</b> by Ellie Schrot to approve the Consent Agenda. <b>Unanimously Approved. Motion Passes.</b>
<b>REGULAR BUSINESS</b> 1. AUD261RB1 – Accept Audit Report and Form 5500 for Plan Year 2024	<p>Jamie Lontz, Engagement Partner at ELC’s Audit Firm Citrin Cooperman, presented the results of ELC’s 403B plan retirement audit and IRS Form 5500 for the plan year ending December 31, 2024.</p> <p>There were no findings.</p> <p>Ellie Schrot asked if the identified material weakness was related to the Voluntary Compliance Program (VCP). Jamie Lontz explained that it is tied to the VCP because the plan is self-administered, which carries additional risks without third-party oversight. A formal recommendation letter was made for third-party administration. CAO Christine Klima added that this issue has appeared in prior audits and cannot be resolved until the IRS issues a clearance letter. At that time, the plan will transition to a new platform and recordkeeper.</p> <p>A <b>Motion</b> was made by Ellie Schrot and <b>Seconded</b> by Traci Schweitzer to Accept the Audit Report &amp; Management Response for 403B Retirement Plan Year 2024. <b>Unanimously Approved. Motion Passes.</b></p> <p>A <b>Motion</b> was made by Traci Schweitzer and <b>Seconded</b> by Ellie Schrot to Accept the IRS Form 5500 for 403B Retirement Plan Year 2024. <b>Unanimously Approved. Motion Passes.</b></p> <p>CAO Christine Klima recognized and thanked team members for their efforts on the 403B audit, highlighting Daniel Hollenbaugh, AP and Payroll Manager, for managing extensive requests and details, and Controller Stephanie Landreville for taking on a larger role and providing significant support. She also thanked Jamie Lontz and her team at Citrin Cooperman for meeting the deadline and for their collaboration. Committee Chair Renee Podolsky expressed her gratitude to Dan, Stephanie, and Christine for their contributions to this challenging process.</p>
2. AUD261RB2 – Approve Citrin Cooperman Audit and Tax Service Engagement Letters for Agreement year 2	<p><b>Citrin Cooperman FY2025 Engagement Letters</b></p> <p>CAO Christine Klima reported that Board approval of engagement letters, to be signed by the Audit Committee Chair, is required before Citrin Cooperman can begin year two audit fieldwork under the five-year contract.</p>

	<p>A <b>Motion</b> was made by Sharonda Bailey and <b>Seconded</b> by Traci Schweitzer to authorize Audit Chair to Sign Engagement Letters with Citrin Cooperman for the Following Services:</p> <ol style="list-style-type: none"> <li>a. Citrin Cooperman &amp; Company, LLP Audit of Coalition Fiscal Year 2025 Financial Statements</li> <li>b. Citrin Cooperman &amp; Company, LLP Audit of Coalition Retirement Plan Year 2025</li> <li>c. Citrin Cooperman Advisers, LLC Preparation &amp; Submission of 2024 Form 990</li> <li>d. Citrin Cooperman Advisers, LLC Preparation &amp; Submission of 2025 Form 5500</li> </ol> <p><b>Unanimously Approved. Motion Passes.</b></p>
<p>3. AUD261RB3 – Update on IRS Voluntary Correction Program status for 403B Retirement Plan</p>	<p><b>For information and discussion only</b></p> <p>CAO Christine Klima reported that the IRS is reviewing the Coalition’s VCP application, originally submitted two years ago, to address historical 403B Plan failures. The application proposes corrective steps for plan restatements, admittance, and employer contribution rules, and contribution testing from 2019 to 2022. The IRS may permit retroactive plan amendments and will determine if additional contributions or excise taxes are required. A Compliance Statement will be issued once corrective actions are finalized, with 150 days allowed for completion.</p> <p>Ellie Schrot asked if this issue would have any impact on staff.</p> <p>CAO Christine Klima explained that ERISA and IRS corrective action rules are designed to avoid anything that harms participants. Fortunately, our four plan failures in the VCP application did not harm employees and all can be corrected with retroactive actions. Corrective action for nondiscrimination testing failure was already corrected by the Coalition as of 2022, but the IRS still needs to confirm that they agree with the methodology we used. Nondiscrimination testing ensures that highly compensated employees do not receive disproportionately higher benefits than other staff. From 2019 to 2022 we failed those tests primarily because we had low staff participation in the Plan. To address this, ELC has promoted participation and increased the employer match for staff who contribute, and we have passed the test ever since. Testing is also now conducted more frequently to allow adjustments to the match structure before year-end to prevent future compliance issues.</p> <p>Chair Renee Podolsky thanked CAO Christine Klima for her outstanding work and recognized her efforts as incredible.</p> <p>Legal counsel Julie Klahr noted that Bob Klausner is a nationally recognized pension expert, representing plans across the country from Florida to Alaska and Hawaii. She shared that Mr. Klausner has been consistently impressed with Christine’s depth of knowledge and commitment. He has remarked on her ability to stay ahead of issues, ask the right questions, and anticipate challenges on behalf of the organization. He has also praised the hard work she has put into understanding complex matters and expressed that her abilities give him great confidence. Counsel emphasized that Mr. Klausner frequently speaks highly of Christine’s performance, and the Board should feel assured they are in excellent hands.</p>
<p><b>Unfinished Business</b></p>	<p>None</p>
<p><b>New Business</b></p>	<p>None</p>
<p><b>Matters from the Chair</b></p>	<p>None</p>
<p><b>Matters from the Committee</b></p>	<p>None</p>
<p><b>Public Comment</b></p>	<p>None</p>
<p><b>Next Meeting</b></p>	<p><b>TBD</b></p>
<p><b>Adjourn</b></p>	<p>Ellie Schrot adjourned the meeting at 10:42 AM</p>

*These minutes contain the action items of the Board meeting of the Early Learning Coalition of Broward. They do not include all of the Committee’s discussions or comments on each matter or issue raised during the meeting. A tape recording of the meeting is held in the Coalition office. Corrections from the Committee will be taken before approval at the next meeting.*

ITEM/MEETING	AUD262RB1 / Audit Committee
DATE:	March 5, 2026
SUBJECT:	Final Audit Report for Fiscal Year 2025 and 2024 Form 990
FOR ACTION:	Yes
RECOMMENDED ACTIONS:	<ol style="list-style-type: none"> <li>1. Accept Final Draft Financial Audit Report for Fiscal Year 2025</li> <li>2. Accept Draft 2024 IRS Form 990</li> </ol>
AS RECOMMENDED BY:	Staff
FINANCIAL IMPACT:	None
ELC STAFF LEAD	C. Klima

**Background Information:**

In accordance with the Early Learning Coalition’s fiscal policies and the DEL Grant Agreement, an audit of the Coalition’s financial operations is performed annually. For FY 2025, ELC’s external audit firm, Citrin Cooperman, began a virtual site visit in October 2025 and completed the Audit Report and Form 990 on March 3, 2026

**Current Status:**

Citrin Cooperman will present their results at the meeting:

- The Audit Report contains no findings.
- IRS Form 990 was prepared by Citrin Cooperman’s tax team. It reflects financial data tested during the FY25 audit process and has been reviewed and reconciled by staff to the financials.

**Recommendation from Staff:**

1. Accept Final Draft Audit Report for Fiscal Year 2025
2. Accept Draft 2024 Form 990

**Supporting Documentation:**

- Final Draft FY2025 Audit Report including Auditor’s Communication with Governance (separate link # 1)
- Final Draft 2024 Form 990 (separate link # 2)

ITEM/ MEETING:	AUD262RB2 / Audit Committee
DATE:	March 5, 2026
SUBJECT:	403B Retirement Plan Compliance Update
FOR ACTION:	No, for information and discussion only
RECOMMENDED ACTION:	Update on Status of 403 Retirement Plan Corrective Measures in Progress
AS RECOMMENDED BY:	Staff
FINANCIAL IMPACT:	NA
ELC STAFF LEAD	C. Klima

**Background:**

In February 2021, the Board approved a plan presented by staff and ERISA legal counsel Tanya Bower to correct historical compliance problems that were found in staff reviews of the Coalition 403B Retirement Plan (the Plan) documents and operations starting in 2017. The corrective action steps included:

- Adopting a new plan document with updated language approved by the IRS (June 2021)
- Adjusting employer match contribution amounts and policies to bring the Plan into compliance with ERISA law requirements (June 2021 to February 2023)
- Applying to enter the Internal Revenue Service (IRS) Voluntary Correction Program (VCP) to formally confirm that all past plan mistakes are corrected. (March 2023).

In March 2025, the IRS notified the Coalition by letter that our VCP application submitted two years earlier was finally being reviewed. Since that time, staff and legal counsel have met with the IRS agent assigned to our case several times to develop a finalized application that will qualify our Plan to receive a clearance letter (called a Compliance Statement) for past Plan failures.

In our application, we proposed corrective action steps for the following four specific Plan failures:

1. Failure to restate the Plan when the Coalition changed its legal name in 2006 and again in 2013, when new regulations required all Plans to be restated to be in compliance
2. Failure to follow the Plan rules for admittance to the Plan since 2002
3. Failure to follow the Plan rules for Employer contributions since 2014
4. Failure to pass required tests for Employer contributions for plan years 2019 through 2022.

Some of the corrective action steps described in the application (such as required Plan restatements and corrective distributions for failed ACP testing) were already completed by the time the application was initiated in 2023. For the other failures, we needed the IRS to give us permission to adopt retroactive Plan Amendments that would align the Plan documents with the actual operational practices in place, going back as far as Plan inception.

**Current Status:**

On February 11, 2026, the IRS completed its review of our application and agreed to accept our proposed corrective action plan in full. On February 18, 2026, we received the attached Compliance Statement Letter formally accepting our proposal and confirming that the Plan remains eligible for tax-favored status. To remain in good standing with the plan, we have until July 10, 2026, to formally adopt three retroactive Plan amendments and pay excise tax due. The amendments will be submitted to our next Governance Committee meeting and to the Board for approval. The Coalition’s tax advisors, Citrin Cooperman Advisors, LLC is currently calculating the amount of tax due and we will remit payment as soon as the procedure is finalized. The Compliance Statement Letter is attached for reference

**Recommended Action:**

None, the information provided above is for information and discussion purposes only

**Supporting Documents:**

IRS Compliance Statement Letter Dated February 11, 2026



Department of the Treasury  
Internal Revenue Service  
Tax Exempt and Government Entities  
TE/GE:EP:RA:VC:7554  
9350 Flair Drive  
El Monte, CA 91731-2885

EARLY LEARNING COALITION OF  
BROWARD COUNTY  
1475 W. CYPRESS CREEK ROAD  
FT. LAUDERDALE, FL 33309



Date:  
February 11, 2026  
Employer ID number:  
65-1060848  
VCP submission for:  
Early Learning Coalition of Broward  
County, Inc. Retirement Plan  
Plan number:  
002  
Control number:  
274A882T  
Person to contact:  
Name: Margaret Saito  
ID number: 1000281692  
Telephone: (626) 927-1413  
Fax: (855) 231-1662

Dear Applicant]:

I'm enclosing a signed compliance statement for your records. This agreement results from your submission to our Voluntary Correction Program. The compliance statement outlines the failures disclosed in your submission and the corrective actions that you took or will take to resolve those failures.

When we sign a compliance statement, it means we agree with the corrective actions and changes to administrative procedures described in the statement. In the future, we may ask you to verify that you corrected the failures and modified the administrative procedures as described in the compliance statement.

The compliance statement isn't a private letter ruling or a determination letter and doesn't affect the rights of any party under any other law, including Title I of the Employee Retirement Income Security Act of 1974. It permits your plan to retain tax favored status under the Internal Revenue Code and is limited to the specific failures and periods described in the compliance statement.

If you included a Form 2848, Power of Attorney and Declaration of Representative, or Form 8821, Tax Information Authorization, with your submission, we sent a copy of this letter to the individuals you designated to receive written communications.

You can contact the person listed at the top of this letter if you have any questions.

Sincerely,  
*William H. Anderson*  
WILLIAM H. ANDERSON  
Manager, Employee Plans Voluntary Compliance

Enclosures:  
Compliance statement

cc: TANYA L. BOWER



Department of the Treasury  
Internal Revenue Service  
Tax Exempt and Government Entities  
TE/GE:EP:RA:VC:7554  
9350 Flair Drive  
El Monte, CA 91731-2885

TANYA L. BOWER  
C/O BUSINESS LAW TEAM PLLC  
633 N. VICTORIA PARK ROAD  
FORT LAUDERDALE, FL 33304

Date:  
02/11/2026  
Taxpayer ID number:  
65-1060848  
Taxpayer or applicant name:  
Early Learning Coalition of Broward  
County, Inc.  
Form or application number:  
8950  
Person to contact:  
Name: Margaret Saito  
ID number: 1000281692  
Telephone: (626) 927-1413  
Fax: (855) 231-1662



Dear Ms. Tanya Bower:

We're sending the enclosed material to you because of a power of attorney or other authorization we have on file.

If you have questions, contact the person listed at the top of this letter.

Sincerely,

*William H. Anderson*

WILLIAM H. ANDERSON  
Manager, Employee Plans Voluntary Compliance

Enclosures:  
Letter 5353

cc: Early Learning Coalition of Broward County, Inc.

Form **14568**  
(November 2019)

Department of the Treasury - Internal Revenue Service

# Model VCP Compliance Statement

OMB Number  
1545-1673

Include the plan name, Applicant's EIN and plan number on each page of the compliance statement, including attachments

## Section I - Identifying Information

1. Applicant's name  
Early Learning Coalition of Broward County, Inc.

RECEIVED  
2-19-26

2. Applicant's EIN (do not use SSN)  
65-1060848

3. Plan number  
002

4. Plan name  
Broward School Readiness Coalition Retirement Plan

## Section II - Applicant's Description of Failures

Attach additional pages, as needed. Label the attachment "Section II. Applicant's Description of Failures." List and number each failure separately. If using the Form 14568 Schedules, specify the Schedules that are included and attach them to this compliance statement.

See attachment to this Form 14568

## Section III - Applicant's Description of the Proposed Method of Correction

Attach additional pages, as needed. Label the attachment "Section III. Applicant's Description of the Proposed Method of Correction." Describe the correction method for each failure listed in Section II. If using the Form 14568 Schedules, specify the Schedules that are included and attach them to this compliance statement.

See attachment to this Form 14568

## Section IV - Applicant's Proposed Procedures to Locate and Notify Former Employees or Beneficiaries

Attach additional pages, as needed. Label the attachment "Section IV. Applicant's Proposed Procedures to Locate and Notify Former Employees or Beneficiaries." Describe the methods that will be used to locate and notify former employees and beneficiaries, or provide an affirmative statement that no former employees or beneficiaries were affected by each failure listed in Section II or will be affected by the correction methods described in Section III.

See attachment to this Form 14568

## Section V - Applicant's Proposed Revision to Administrative Procedures

Attach additional pages, as needed. Label the attachment "Section V. Applicant's Proposed Revision to Administrative Procedures." Include an explanation of how and why the failures arose and a description of the measures implemented (or will be implemented) to ensure that the same failures do not occur in the future. If using the Form 14568 Schedules, specify the Schedules that are included and attach them to this compliance statement.

See attachment to this Form 14568

## Section VI - Requests Related to Excise Taxes, Additional Tax and Tax Reporting

- The Applicant requests that the Internal Revenue Service (IRS) not pursue the following taxes under the Internal Revenue Code (IRC) (attach supporting rationale)
- Excise tax under IRC Section 4972 with respect to failures number \_\_\_\_\_
  - Excise tax under IRC Section 4973 with respect to failures number \_\_\_\_\_
  - Excise tax under IRC Section 4974 with respect to failures number \_\_\_\_\_
  - Excise tax under IRC Section 4979 with respect to failures number \_\_\_\_\_
  - Imposition of additional tax under IRC Section 72(t) with respect to failures number \_\_\_\_\_

Applicant's EIN ( <i>do not use SSN</i> ) 65-1060848	Plan number 002
Plan name Broward School Readiness Coalition Retirement Plan	

- The Applicant requests that the IRS grant the following for plan loan failures that did not comply with IRC Section 72(p)
- With respect to all loans described in this compliance statement, that a deemed distribution corrected pursuant to this VCP submission not be required to be reported on Form 1099-R and that repayments made by the correction not result in the affected participant having additional basis in the plan for purposes of determining the tax treatment of subsequent distributions from the plan.
- With respect to all loans described in this compliance statement, that a deemed distribution be reported on Form 1099-R with respect to affected participants for the year of correction instead of the year of the failure.
- For one or more plan loans described in this compliance statement that it be permitted to report the loans as deemed distributions in the year of correction instead of the year of the failure. For other affected plan loans, the plan sponsor requests relief from reporting them as deemed distributions. Attach additional narrative details that explain why the relief should be granted and which specific loans will be receiving what type of special relief.

### Section VII - Enforcement Resolution (*to be completed by IRS only*)

The Applicant will neither attempt to nor otherwise amortize, deduct or recover from the IRS any portion of the paid user fee associated with this submission nor receive any federal tax benefit on account of payment of the fee.

The IRS will not pursue the sanction of revoking the tax-favored status of the plan under Sections 401(a), 403(b), 408(k) or 408(p) of the IRC on account of the failures described in this compliance statement. This compliance statement considers only the acceptability of the correction methods including the revisions of administrative procedures described in the compliance statement and does not express an opinion as to the accuracy or acceptability of any calculations or other materials included with or provided at any time during the processing of the VCP submission. The reliance provided by this compliance statement is limited to the specific failures and years specified and does not provide reliance for any other failure or year. In no event may this compliance statement be relied on for the purposes of concluding that the plan or plan sponsor was not a party to an abusive tax avoidance transaction. This compliance statement should not be construed as affecting the rights of any party under any other law, including Title I of the Employee Retirement Income Security Act of 1974.

This compliance statement expresses no opinion as to whether the plan otherwise satisfies the requirements of the IRC and is not a letter ruling or a determination letter within the meaning of Revenue Procedure 2019-1 (updated annually) and Revenue Procedure 2019-4 (updated annually).


This compliance statement is conditioned on (1) there being no misstatement or omission of material facts in connection with the submission and (2) the completion of all corrections described in this compliance statement within 150 days of the date of this compliance statement. For governmental plans within the meaning of IRC Section 414(d), corrective plan amendments required by this compliance statement that fix the operational failures or employer eligibility failure described in this compliance statement, must be adopted by the later of 150 days after the date of this compliance statement or the close of the first regular legislative session of the legislative body with the authority to amend the plan that begins on or after 91 days after the date of this compliance statement.

- The IRS will treat the failure to adopt interim amendments, as described in this compliance statement as if they had been adopted timely for the purpose of making available the extended remedial amendment period set forth in Rev. Proc. 2007-44 and beginning on January 1, 2017, Rev. Proc. 2016-37, or its successors. However, this compliance statement does not constitute a determination as to whether the plan amendments, as drafted, comply with the applicable changes in qualification requirements.
- The IRS will treat the failure to timely adopt a written plan, as required under the IRC Section 403(b), Final Treasury Regulations under IRC Section 403(b) and Notice 2009-3, as if it had been adopted timely for the purposes of making available the extended remedial amendment period set forth in Announcement 2009-89, Rev. Proc. 2013-22, Rev. Proc. 2017-18, Rev. Proc. 2019-39, and any future superseding guidance. However, this compliance statement does not constitute a determination as to whether the written plan, as drafted, complies with the applicable requirements associated with IRC Section 403(b) and the Final Treasury Regulations under IRC Section 403(b).

Applicant's EIN (do not use SSN) 65-1060848	Plan number 002
--	--------------------

Plan name  
Broward School Readiness Coalition Retirement Plan

- With regard to failure number \_\_\_\_\_ (provided that no modification has been made to either the plan document or adoption agreement of the plan that would otherwise cause the employer to lose reliance on the plan's opinion or advisory letter), the corrective amendment will not cause the plan to lose its status as a Pre-approved Plan and (provided that no modification has been made that would otherwise affect the employer's eligibility for the six-year remedial amendment cycle) the employer will be allowed to remain within the six-year remedial amendment cycle described in Rev. Proc. 2016-37 on a continuing basis until the expiration of the next six-year remedial amendment cycle as provided in Section 16.01 of Rev. Proc. 2016-37.
- The IRS will not pursue the following on account of the qualification failures described in this submission:
- Excise tax under IRC Section 4972
  - Excise tax under IRC Section 4973
  - Excise tax under IRC Section 4974
  - Excise tax under IRC Section 4979
  - With respect to the overpayment failures described in this compliance statement that were corrected by removing improper distributions from the IRAs of the affected participants and returning those distributions to the plan, the IRS will not pursue \_\_\_\_\_% of the 10% additional income tax under IRC Section 72(t).
- With respect to the loan failures described in this compliance statement:
- For all loans that are corrected by a corrective repayment to the plan or reamortization as described in this compliance statement. The IRS will not require deemed distributions under IRC Section 72(p) to be reported on Form 1099-R with respect to the participants affected by the failures, and repayments made pursuant to the correction of the loans will not result in an affected participant having additional basis in the plan for the purpose of determining the tax treatment of subsequent distributions from the plan to the participants.
  - For all loans that will be reported as deemed distributions. The IRS will require deemed distributions under IRC Section 72(p) to be reported on Form 1099-R with respect to the participants affected by the failures. However, the plan will be permitted to report deemed distributions on Form 1099-R in the year of correction, instead of the year of the failure.
  - If the requested relief is not applied consistently to all loans. For loans where relief from issuing Form 1099-R is applicable, all repayments made pursuant to the correction of the loans will not result in an affected participant having additional basis in the plan for the purpose of determining the tax treatment of subsequent distributions from the plan to the participants. For all other loans (or situations where affected participants do not choose to or may not qualify for Form 1099-R relief), the IRS will require deemed distributions under IRC Section 72(p) to be reported on Form 1099-R with respect to the participants affected by the failures. However, the plan will be permitted to report the deemed distributions on Form 1099-R in the year of correction, instead of the year of the failure.

Approved: 

William H. Anderson

Manager, Employee Plans Voluntary Compliance  
Tax Exempt and Government Entities Division

Date February 11, 2026

ATTACHMENT TO  
FORM 14568

**SECTION II- APPLICANT'S DESCRIPTION OF FAILURES**

*FAILURE 1: FAILURE TO RESTATE*

Early Learning Coalition of Broward County, Inc., formerly known as Broward County School Readiness Coalition, Inc. ("the Coalition"), adopted the Broward County School Readiness Coalition Retirement Plan, (the "Plan") a 403b Plan, in 2002. The 2002 Plan was a prototype Plan offered by the Variable Annuity Life Insurance Company ("Valic") as part of an Investment Advisory and Plan Administrative services contract that the Coalition signed with Valic in the same year. In 2006, the Coalition formally changed its name and worked with Valic to prepare and review a Plan restatement, but no evidence of formal adoption of the restated Plan can be found. The Plan nevertheless continued operating after 2006 utilizing the proposed restated Plan that included the Coalition's new name.

In 2016, the Coalition hired all new senior leadership, including a new CEO (the primary Plan Administrator) and a new Chief Administrative Officer (tasked with overseeing day-to-day Plan payroll operations, among other things). Soon after in 2017, the Coalition unexpectedly grew from 28 to 78 employees when a large sub-recipient decided not to renew its agreement in the middle of a hurricane emergency; more than doubling size the size of the organization in less than a week. In the scramble to update employment policies to match the new business model, Coalition staff reached out to Valic for help with modifying the Plan document and learned that the 2006 Plan Restatement appeared not to have been formally adopted nor had the Plan been restated as required by Revenue Procedure 2013-22 to reflect the adoption of the final 403(b) Regulations. Despite the dramatic changes that were underway at the Coalition and these revelations about the Plan, Valic offered little to no assistance in the Coalition's subsequent effort to restate the Plan or take other corrective actions, leaving Coalition staff to struggle with and try to research the issues on their own for more than a year.

In 2019, the Coalition's Board of Directors named the Chief Administrative Officer as an additional Plan Administrator to facilitate making the needed Plan restatement, engage ERISA counsel for IRS corrective action filings, and to update internal procedures to ensure Plan compliance going forward. The filing of this VCP submission was delayed when the Coalition's staff was made aware of additional operational failures described below and waited to file the VCP submission once a determination was made regarding the necessity to report the excess aggregate contribution amounts as described further below.

Broward School Readiness Coalition Retirement Plan  
Plan 002 65-1060848

When the Coalition adopts its latest 403b Prototype Plan, the Coalition will confirm that the Plan meets the 2012 Cumulative List requirements found in Notice 2012-76.

FAILURE 2: FAILURE TO FOLLOW PLAN DOCUMENTS – OPERATIONAL FAILURES – EARLY ADMITTANCE

Since inception of the Plan on September 1, 2002 through December 31, 2019, Coalition staff allowed new employees to receive employer contributions under the Plan immediately upon hire even though the Plan had a 12-month service requirement for eligibility. 189 participants were affected during this period. 5 were Highly Compensated Employees (HCEs) and 184 were Non-Highly Compensated Employees (NHCEs). Consequently, employer contributions were made to the Plan based on the total number of participants and not based on participant eligibility. For the first 10 years of the Plan, the Coalition had less than 10 employees. Over the next five years the staff count grew gradually to 28 and then suddenly to 78 employees in October 2017.

When the Coalition requested Valic's assistance with formalizing this change in the Plan, Valic was not responsive and provided little guidance on how to proceed with amending the Plan to account for a quicker eligibility standard.

FAILURE 3: FAILURE TO FOLLOW PLAN DOCUMENTS – OPERATIONAL FAILURES – MATCH

From 2002 to 2013 the Plan provided for a non-elective employer contribution of 7% of biweekly pay to all participants automatically upon enrollment. There were 15 participants during this period. 1 was an HCE and 14 were NHCEs. From January 1, 2014 to September 30, 2017, contrary to the terms of the Plan, the Plan provided for a 5% non-elective employer contribution automatically upon enrollment and an additional 2% in a dollar-for-dollar match to employee contributions. 34 participants were affected. 2 were HCEs and 32 were NHCEs. Both of these policies in these two periods were communicated to staff in employee handbooks provided to all staff.

When the Coalition unexpectedly and suddenly expanded with 50 new hires on October 1, 2017, two classes of participants were established based on date of hire to encourage participation while managing the cost the sudden expansion going forward. All employer contributions were changed to match contributions as follows:

Class 1: Employees hired prior to October 1, 2017 would receive a dollar-for-dollar match for employee contributions up to 1.99% of biweekly

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pay, and 7% match for total employee contributions at or above 2% of biweekly pay effective October 1, 2017. All full-time regular employees in Class 1 were already participating and fully vested as of their date of hire and all participants in this class were already contributing 2% as of the effective date of this change. 28 participants were affected during the period October 1, 2017 through December 31, 2019, 4 were HCEs and 24 were NHCEs.

Class 2: Employees hired on or after October 1, 2017 received a dollar-for-dollar match for employee contributions up to 3% of biweekly pay. All full-time regular employees in Class 2 would be eligible to participate on date of hire and would become vested after 12 months of service. 159 new hires were affected during the period October 1, 2017 through December 31, 2019. 1 was an HCE and 158 were NHCEs.

On October 5, 2017, the Coalition's Board of Directors approved an intent to modify the Plan to include employer match contributions as described above. However, no formal Plan Amendment was adopted to modify the Plan to permit matching employer contributions at that time. In February 2020 while working with Valic to amend and restate the Plan, the Chief Administrative Officer communicated with Valic regarding the need to formally amend the Plan to permit an employer matching contribution, and Valic indicated that the Board's formal adoption of intent to amend and to authorize an amendment to permit the employer matching contribution was a "paperclip" Plan amendment.

After the "paperclip" Plan amendment was approved in 2017, the Coalition communicated the 403B match structure to employees in both participant classes at a full-day benefits fair where Valic representatives explained the new match policy to the group and met with individuals during and after the fair to answer their questions and complete enrollment paperwork.

The affected plan years for all match failures were 2014 through 2019.

FAILURE 4: FAILURE TO PASS ACTUAL CONTRIBUTION PERCENTAGE (ACP) TEST – EXCESS AGGREGATE CONTRIBUTIONS

In addition to Valic's failure to assist the Coalition with adopting an amendment to account for a match policy and a quicker participation eligibility standard, Valic did not alert Coalition staff that non-discrimination testing would be required or that it might be more difficult to pass the test with such a change. Prior to 2017, 100% of the Coalition's small staff participated in the Plan and received the same discretionary employer contributions. Non-discrimination testing was not part of the Coalition's procedures nor were staff aware of the annual requirement until 2021. The Plan's record-keeper did not respond to requests for guidance and assistance with this and other compliance

matters for several years.

When Plan auditors were hired in 2021 due to Plan size (the organization continued to expand) and ERISA counsel was retained to assist in correcting the failure to restate, the Coalition was advised that non-discrimination ACP testing going back to 2017 would be required. For Plan years 2017 and 2018, the Plan was tested for all eligible employees and passed. After the Plan underwent its first audit and the Coalition's staff received expert guidance about how to comply from third party advisors in 2021, the Coalition expanded the testing and realized that Plan year 2019 was the first year the Plan did not pass the ACP test under Section 401(m), which resulted in excess aggregate contributions as described in Revenue Procedure 2021-30 and Section 6.06.

The affected plan years for the excess aggregate contribution failures were 2019 through 2022.

### **SECTION III – APPLICANT'S DESCRIPTION OF PROPOSED METHOD OF CORRECTION**

#### *FAILURE 1: FAILURE TO RESTATE*

In 2020, the Plan was restated utilizing a Valic Retirement Services Company Volume Submitter 403(b) Plan Basic Plan Document 08 which complies with the provisions of the 2012 Cumulative List. ELC adopted a restated Plan Document effective January 1, 2020. The IRS issued a favorable opinion letter regarding the Volume Submitter 403(b) Plan on April 5, 2018.

#### *FAILURE 2: FAILURE TO FOLLOW PLAN DOCUMENTS – OPERATIONAL FAILURES – EARLY ADMITTANCE*

The Coalition will adopt a retroactive Amendment effective January 1, 2002 through December 31, 2019, to reflect the modifications made since inception of the Plan to permit immediate entry into the Plan and eliminate a 12-month service-term requirement.

#### *FAILURE 3: FAILURE TO FOLLOW PLAN DOCUMENTS – OPERATIONAL FAILURES – MATCH*

The Coalition will adopt a retroactive Amendment effective from January 1, 2014 to September 30, 2017, allowing the Plan to provide for a 5% non-elective employer contribution automatically upon enrollment and an additional 2% in a dollar-for-dollar match to employee contributions.

The Coalition will adopt a retroactive Amendment effective October 1, 2017

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through December 31, 2019 to reflect the modifications made in 2017 to establish two classes of participants based on date of hire with separate match schedules and remove the non-elective employer contribution for all participants.

FAILURE 4: FAILURE TO PASS ACP TEST – EXCESS AGGREGATE CONTRIBUTIONS

The Plan Sponsor is a non-profit that helps low income families pay for child care. The Plan wishes to correct this failure through distributions of excess aggregate contributions to HCEs to minimize the negative budgetary impact on our services to the Community. Additional contributions made into to the plan would reduce the amount of funding available to pay for Community child care services in a tight budget year. We are requesting to make distributions to HCEs instead because it is a lower cost alternative. The Plan provided notices to the HCE employees who received a check for the excess aggregate contributions plus earnings for the years 2019 through 2022. All of the four (4) affected employees were fully vested prior to 2019. Earnings were calculated by Valic from the date of the failure through the date of correction using the affected participant’s actual rate of return. Due to the failure to provide guidance in 2017 through 2020 by Valic, the excess aggregate contributions were not returned timely, and 1099-R forms were issued to such employee participants for the tax year of the distribution. The Coalition has also provided the 4 affected participants with a notice indicating that the distribution of excess aggregate contributions is not eligible for favorable tax deferred treatment by rollover to an eligible retirement plan or an individual retirement account.

In 2021, the Coalition determined that the Top Paid method for non-discrimination testing would be more favorable to the Plan going forward and restated the Plan again to adopt the change with an effective date of January 1, 2021. This change, along with increased staff participation and an updated match structure has resolved the issues with non-discrimination testing.

**SECTION IV – APPLICANT’S PROPOSED PROCEDURES TO LOCATE AND NOTIFY FORMER EMPLOYEES OR BENEFICIARIES**

FAILURE 1: FAILURE TO RESTATE

No former employees or beneficiaries were affected by the failures described above nor will any former employee or beneficiary be affected by the correction compliance.

FAILURE 2: FAILURE TO FOLLOW PLAN DOCUMENTS –

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OPERATIONAL FAILURES – EARLY ADMITTANCE

No former employees or beneficiaries were affected by Failure 2 listed in Section II or will be affected by the correction method described in Section III.

FAILURE 3: FAILURE TO FOLLOW PLAN DOCUMENTS – OPERATIONAL FAILURES – MATCH

No former employees or beneficiaries were affected by Failure 3 listed in Section II or will be affected by the correction method described in Section III.

FAILURE 4: FAILURE TO PASS ACP TEST – EXCESS AGGREGATE CONTRIBUTIONS

All employees who are affected by the excess aggregate contribution distributions continue to be employed by the Coalition and can easily be contacted about the excess aggregate contribution and the issuance of the Form 1099-R. If an affected employee was no longer employed by the Coalition, the Coalition would employ the techniques required, such as engaging a commercial locator service to obtain contact information for the affected employee.

**SECTION V – APPLICANT'S PROPOSED REVISION  
TO ADMINISTRATIVE PROCEDURES**

FAILURE 1: FAILURE TO RESTATE

The Coalition had a complete and total change in senior leadership in 2016. As a result, management team members more familiar with the compliance requirements of 403b Plans are now employed. The Coalition has appointed a Chief Administrative Officer to oversee the functioning of the Plan amongst other administrative duties. Upon completion of the VCP process, the Board of Directors plans to interview and select a new third-party administrator that will manage the Plan and educate the Board of Directors and appropriate officers of the Coalition on the proper administrative processes of the Plan. The Board of Directors is also considering a third-party fiduciary to provide the Plan committee administrator, as well as the Board, with fiduciary guidance, including the proper analysis of selecting investments for the Plan to offer participants.

Due to the Coalition's significant growth in the number of employees, the Board of Directors understands that the administration of the Plan needs to be more robust and third-party fiduciaries and administrators need to be employed.

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FAILURE 2: FAILURE TO FOLLOW PLAN DOCUMENTS –  
OPERATIONAL FAILURES – EARLY ADMITTANCE

The Coalition has hired a number of third parties to assist in the proper operations of the Plan. New auditors have been engaged. The Coalition plans to cease working with Valic and will work with a new Plan Recordkeeper that is more receptive and helpful when questions or issues arise. Finally, the Coalition continues to engage the necessary experts to make sure the Plan operates in compliance with the law.

FAILURE 3: FAILURE TO FOLLOW PLAN DOCUMENTS – OPERATIONAL  
FAILURES – MATCH

The Coalition has hired a number of third parties to assist in the proper operations of the Plan. New auditors have been engaged. The Coalition plans to cease working with Valic and will work with a new Plan Recordkeeper that is more receptive and helpful when questions or issues arise. Finally, the Coalition continues to engage the necessary experts to make sure the Plan operates in compliance with the law.

FAILURE 4: FAILURE TO PASS ACP TEST – EXCESS AGGREGATE  
CONTRIBUTIONS

See response to Failure to Restate. Additionally, the Coalition is procuring a qualified third-party administrator to assist with risk management, plan design and compliance going forward. In the meantime, the Coalition has modified the structure of the employer match to mitigate future risk of failing any testing.