



**Early Learning Coalition of Broward County, Inc.**  
**Audit Committee Meeting Agenda**  
**March 12, 2021 – 2:30 PM**

**Meeting Call-In Number: 1 (872) 240-3212 Access Code: 190-356-629**

Members are reminded of conflict of interest provisions. In declaring a conflict, please refrain from voting or discussion 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	
I.	<b>Call to Order</b>		Richard Campillo, Audit Chair
II.	<b>Roll Call</b>		Elsy Silvestre, Executive Assistant
III.	<b>Consent Agenda</b> <ul style="list-style-type: none"> <li>Approve Audit Committee meeting minutes February 12, 2021</li> </ul>	1	Richard Campillo, Audit Chair
IV.	<b>Audit Committee Regular Business</b> <ul style="list-style-type: none"> <li>A212AUD1 Approve Finalized Fiscal Year 2020 Annual Audit Report, and IRS Form 990 on Behalf of the Board of Directors</li> <li>A212AUD2 Approve Addition of 403B Plan Audit to Auditor Contract Scope of Work</li> </ul>	5 8	Richard Campillo, Audit Chair Christine Klima, CAO
V.	<b>Other</b> <b>New Business</b> <b>Matters from the Committee</b> <b>Matters from the Chair</b> <b>Public Comment</b> <b>Next ELC Audit Committee Meeting: TBD</b> <b>Adjourn</b>		

**Please Note:** Agenda subject to revisions and additions at the discretion of the Chair.



Early Learning Coalition of Broward County, Inc.  
**Audit Committee Meeting Minutes**  
**February 12, 2021 1:00 PM**  
 Virtual

Members in Attendance	Chair, Richard Campillo; Michael Asseff, Monica King; Beverley Batson; Twan Russell
Members Absent	
Staff in Attendance	Renee Jaffe, CEO; Christine Klima, CAO; Howard Bakalar, CPO; Stephanie Landreville, Controller; Maggie Laino, Quality Assurance Manager; Elsy Silvestre, Executive Assistant
Others in Attendance	Jacob Jackson, General Counsel; Tanya Bower; Martha Parker

Item	Action/Discussion
Welcome & Call to Order	Chair Richard Campillo called the meeting to order at 1:04 PM. Roll was called and a quorum was established.
<b>CONSENT AGENDA</b>  a. Approve June 18, 2020 Audit Committee meeting minutes	<p>Committee Chair stated that there was an error on page 3 wherein October, 2021 is supposed to be October, 2020. This error is in the Audit Committee Action Item A211AUD1 and not in the consent agenda. There were no changes or comments with regard to the Consent Agenda.</p> <p><b>A Motion was made by Twan Russell to approve the ELC of Broward Audit Committee meeting minutes from June 18, 2020. Seconded by Michael Asseff. Unanimously approved. Motion passes.</b></p>
<b>Audit Committee REGULAR BUSINESS:</b>  a. A211AUD1 – Approve 403(b) Retirement Plan Compliance Review Results	<p><b>Approve 403(b) Retirement Plan Compliance Review Results</b></p> <p>CAO introduced Tanya Bower who is an ERISA specialist attorney from the Tripp Scott P.A. law firm.</p> <p>Ms. Bower provided an overview of the scope of the Tripp Scott review of the last 20 years of ELC’s 403B plan compliance history.</p> <p>During the review, Tripp Scott found one area that required corrective action. Specifically, ELC’s Plan Document had not been restated in 2009 as required by ERISA law to include key regulatory updates enacted at that time. The deadline for completing a mandatory 403B Plan restatement passed on December 31, 2009 and ELC is now required to take additional steps to address the failure. Ms. Bower recommends that ELC complete the Department of Labor’s Voluntary Compliance Program (VCP) to bring the plan into compliance prior to the end of the fiscal year.</p> <p>There will be no IRS penalty, just corrective measures. There will be no impact on the audit.</p>

A211AUD2 – Fiscal Year  
2020 Annual Audit  
Report

CAO mentioned that part of the corrective action is that we will be going to the Governance Committee to get the plan formally adopted and procure for a new 3<sup>rd</sup> party plan administrator. Ms. Bower is helping us with the scope of work for this procurement.

#### **Fiscal Year 2020 Annual Audit Report**

Martha Parker, Partner at Keefe McCullough, provided an overview and a presentation of the financial highlights of Fiscal Year 2020. The Preliminary Draft Audit Report contains no findings. The action plan correcting the problems created by OEL's faulty roll out of EFS Mod noted in the prior year's audit is still in progress but should wrap up in the current year without any negative impact to ELC.

Keefe McCullough highlighted ELC's liquidity ratio as a measure of whether ELC has sufficient assets to weather an unexpected loss of revenue and they noted that ELC is running very lean with very little financial cushion for an organization of ELC's size. There were also very few truly unrestricted dollars available to cover costs that ELC's Government funders might not cover.

Bill Benson, Managing Partner, recommended that ELC consider fundraising as \$300,000 in net assets is too lean for an organization our size. He recommended having 3-6 months of operating expenses on hand as reserves.

Chair mentioned that we would bring the issue of fundraising to the Finance Committee to discuss further. CEO mentioned that we have had this discussion in the past and we agree with the recommendations and we will discuss further. There was a new Board committee that was created for fundraising last year, but has been on hold since the pandemic arose.

Twan wanted to know why the liquidity ratio had dipped below 1:1 in 2018.

CAO explained that FY 2018 was the year ELC brought services in house and there were compliance issues that surfaced which required using unrestricted net assets to cover unallowable expense in the clean-up process during that year. Since that time, we have been very careful with managing unforced errors to prevent having to use our unrestricted assets at all and we are actively working to protect and build them up further. This has been a high priority for us for a while.

Chair asked about possible risk to the local revenues if there is an economic downturn. CAO responded that our local government funders maintain fund balance reserves to weather downturns and the risk is low.

CAO asked the auditors to explain the difference between the final draft vs. where we are now. What will change after final review? Bill explained that any changes at this point will just be cosmetic changes.

Chair thanked Martha and Bill for their hard work.

	<p>A <b>Motion</b> was made by Michael Asseff to approve the 403b Retirement Plan ERISA Compliance Review Results. <b>Seconded</b> by Twan Russell. <b>Unanimously Approved. Motion Passes.</b></p> <p>A <b>Motion</b> was made by Michael Asseff to approve Preliminary Draft Audit Report for Fiscal Year 2020. <b>Seconded</b> by Monica King. <b>Unanimously Approved. Motion Passes.</b></p> <p>A <b>Motion</b> was made by Michael Asseff to Approve the Preliminary Draft Form 990 for 2019. <b>Seconded</b> by Twan Russell. <b>Unanimously Approved. Motion Passes.</b></p> <p>A <b>Motion</b> was made by Michael Asseff to request the Board to Empower the Audit Committee to Approve Finalized Audit Report and Form 990 between Board meeting and March 31, 2021 Submission Deadline. <b>Seconded</b> by Twan Russell. <b>Unanimously Approved. Motion Passes.</b></p> <p>Michael Asseff wanted to thank the audit team, staff as well as Committee Chair for the great job done with the audit.</p> <p>Committee Chair also wanted to recognize and thank Christine, Stephanie and the rest of the team who were able to do all of this hard work all while dealing with COVID, EFS Mod, Reconciliation and many providers calling. This is a testament to the team that gives board members reassurance and confidence the team is looking out for us, providers and the children.</p> <p>CAO wanted to thank Stephanie Landreville, Controller for her hard work during this audit. She did the heavy lifting for this audit—working tirelessly responding to a constant stream of requests for documents, reconciliations and clarifying information. Through her hard work, professionalism and care in answering their questions she did a great job of teaching them about our business and giving them confidence in our work. She and her team made an outstanding first impression and laid the foundation for a great working relationship with these auditors in future years.</p> <p>CAO also thanked Maggie Laino, Quality Assurance Manager. She put together all eligibility files for the auditors in a way that helped the auditors to learn how our business works and to understand they were looking at. The care she put into her presentation went a long way to their confidence in us.</p> <p>CEO is very proud of the team and acknowledged the amazing job they did. These contributions were priceless.</p>
<b>NEW BUSINESS</b>	No discussion
<b>MATTERS FROM CHAIR</b>	No discussion.
<b>MATTERS FROM COMMITTEE</b>	No discussion.

<b>PUBLIC COMMENT</b>	There was no comment.
<b>NEXT MEETING DATE</b>	TBD
<b>ADJOURN</b>	Richard Campillo motioned to adjourn the meeting. The meeting adjourned at 2:07 pm

*These minutes contain the action items of the Board meeting of the Early Learning Coalition of Broward. They do not include all 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 prior to approval at the next meeting.*

DRAFT

<b>ITEM/MEETING</b>	A212AUD1 / Audit Committee
<b>DATE:</b>	3/12/2021
<b>SUBJECT:</b>	1. Finalized DRAFT Audit Report for Fiscal Year 2020 2. Finalized DRAFT Form 990 for 2019
<b>TIES TO PILLAR</b>	Pillar 5: Strengthen and Develop the ELC Broward Organization
<b>FOR ACTION:</b>	Yes
<b>RECOMMENDED ACTIONS:</b>	1. Approve Finalized DRAFT Audit Report for Fiscal Year 2020 2. Approve Finalized DRAFT Form 990 for 2019
<b>FINANCIAL IMPACT:</b>	None
<b>ELC STAFF LEAD</b>	C. Klima

**Background Information:**

On February 17, 2021 the ELC Board approved the draft FY20 Audit Report and 2019 IRS Form 990 in a preliminary format pending Keefe McCullough’s completion of a final internal quality control review of the report. Keefe McCullough anticipated that the final review step would likely involve only minor corrections, copy-editing or formatting changes and they did not expect to be changing their conclusions or analysis. The Board also empowered the Audit Committee to convene an ad hoc meeting to review and approve the formally finalized reports on behalf of the Board prior to the March 31, 2021 federal filing deadline for both documents.

**Current Status:**

Keefe McCullough has completed their final review of the FY20 Draft Audit Report and 2019 Form 990. All changes were cosmetic corrections of scrivener’s errors or account groupings. The overall opinion, conclusions or analysis were unchanged.

**Recommendation:**

Staff recommend the following motions:

1. Approve Finalized DRAFT Audit Report for Fiscal Year 2020
2. Approve Finalized DRAFT Form 990 for 2019

**Supporting Documentation:**

- Finalized DRAFT FY20 Audit Report
- Finalized DRAFT Form 990
- Crosswalk of Changes
- Auditors Letter



# Crosswalk of Changes

## Finalized FY 2020 Audit Report & 2019 IRS Form 990

Affected DRAFT	TYPE OF CHANGE	COMMENTS
990	Account grouping correction (2)	1. Grouping correction for non slot pass through expenses 2. Allocation correction for staff expenses
990	Scrivener's errors (3)	Spelling Corrections
Audit Report	Account grouping correction (1)	Presentation adjustment of year end accounts receivable and corresponding allowance activity.





<b>ITEM#/MEETING</b>	A212AUD2 / Audit Committee
<b>MEETING DATE:</b>	3/12/2021
<b>SUBJECT:</b>	Keefe McCullough FY 2020-2021 Contract Scope of Work
<b>FOR ACTION:</b>	YES
<b>RECOMMENDED ACTION:</b>	<b>Approve Amendment to Auditor Contract Scope of Work</b>
<b>FINANCIAL IMPACT:</b>	\$10,000 Increase for Total FY21 contract Budget of \$32,500
<b>AS RECOMMENDED BY:</b>	N/A
<b>ELC STAFF LEAD</b>	C. Klima

**Background Information:**

In June 2020 the ELC Board approved the scope of work for Keefe McCullough LLP to conduct a single audit for fiscal year 2020, prepare IRS Form 990 for 2019 and complete Department of Labor Form 5500 annual filing for ELC's 403B Retirement Plan. A contract was executed in the amount of \$31,000 for the period July 1, 2020 through June 30, 2021. In March, 2021 the contract was increased to \$32,500 to address prior year filing queries from the IRS.

**Current Status:**

In March 2021 ELC requested that Keefe McCullough prepare a proposal to add an audit of ELC's FY2020 403B Retirement Plan to their contracted scope of work. As of December 31, 2020 the number of employee participants in the Plan exceeded the Department of Labor threshold that triggers an automatic annual audit requirement for the Plan. The field work and analysis for the audit will be conducted between April and June 2021, based on Keefe McCullough staff availability. The cost for the additional services shall not exceed \$10,000

**Summary**

ELC staff recommends that the Committee approve the attached Scope of Work as Amended, including the two attached engagement letters

**Supporting Documentation:**

- Draft Scope of Work for FY2020-21 Services, as Amended

## **Amended Exhibit A –Amendment 002**

### ***Scope of Services***

#### **1) DEFINITIONS:**

**REQUEST FOR PROPOSALS (RFP) FOR EXTERNAL AUDITING AND TAX SERVICES** refers to Coalition Public Procurement #PR20-003 Issued January 6, 2020 through which the Vendor was selected by the Coalition Audit Committee.

**AUDIT ENGAGEMENT LETTER:** An audit engagement letter is a standard communication that establishes the pre-conditions and terms for an audit engagement with management and those charged with governance. The Audit Engagement Letter for conducting a financial audit of the Coalition and preparation of Form 990 for the fiscal year 2019-20 is attached as **Exhibit D**.

**FORM 5500:** Department of Labor Form 5500 is a reporting and disclosure submission required under the Employee Retirement Income Security Act of 1974 (ERISA) to assure that employee benefit plans are operated and managed in accordance with certain prescribed standards and that participants and beneficiaries, as well as regulators, are provided or have access to sufficient information to protect the rights and benefits of participants and beneficiaries under employee benefits plans. For purposes of this Agreement, the Scope of Services include preparation of Form 5500 for the Coalition's 403B Retirement Plan Employee Benefit only. The scope and procedures for these services are described in a separate engagement letter attached as **Exhibit E**.

**VALUE ADDED SERVICES:** Services included in the cost of services beyond the basic requirements of external single audit, tax and compliance form preparation services, that the Vendor will provide to the Coalition under this agreement.

#### **2) DESCRIPTION OF THE WORK AND/OR SERVICES:**

##### **A. Audit and 990 Preparation Services Procured through RFP:**

The Vendor will provide external auditing, preparation of Form 990 and preparation of Form 5500 (403B) services in accordance with:

- a. The Vendors response to the Coalition's Request for Proposals for External Auditing and Tax Services.
- b. The Audit Engagement Letter approved by the Coalition Board on June 25, 2020 (Exhibit D)
- c. The Engagement Letter for Additional Services approved by the Coalition Board on June 25, 2020 (Exhibit E)
- d. Value Added Services (at no additional cost) including:

- i. Ad hoc technical assistance and feedback in response to Coalition questions throughout the year,
  - ii. Sponsorship of 8 hours of CPE training for Coalition Finance and Accounting Staff
  - iii. Access to online CPE training at Vendor firm rates for Coalition Finance and Accounting Staff
  - iv. Informational services (such as question and answer forums or fact sheets) as a resource to the Coalition's clients applying for federal assistance opportunities during the COVID-19 Pandemic.
- B. Assistance addressing IRS Form 1099 corrections required for vendors Identified by the IRS as having mis-matched taxpayer identification numbers and taxpayer names for tax years 2018 and 2019. Activities include:
- a. Communicating with the IRS on behalf of the Coalition regarding this matter
  - b. Preparation of correspondence documenting the situation and requesting penalty abatement
  - c. Sending corrected 1099s
- C. Conduct an audit of the Coalition's 403B Retirement Plan Financial Statements for the year 2020 in accordance with U.S. Department of Labor and Internal Revenue Service requirements.

**3) BILLING AND SCHEDULE:**

Service	Amount Not to Exceed
Audited Financial Statements	\$26,250
Preparation of IRS Form 990	2,750
Preparation of DOL Form 5500 (403B)	2,000
Assistance with IRS Form 1099 Corrections	1,500
403B Plan Audited Financial Statements	10,000
<b>Total Amount Not to Exceed</b>	<b>\$42,500</b>

Vendor will submit invoices at the completion of the engagement or progress billings based on services rendered to date at the end of each semi-monthly period, whichever comes first, as agreed in the attached Audit Engagement Letter (**Exhibit D**)

**4) SERVICES AND SITE LOCATIONS:** The Vendor will perform and/or deliver the following work and/or services at the following location(s):

- Coalition Offices
- Vendor's Offices
- Remotely Online

**5) DATES, TIMES AND HOURS FOR SCOPE OF SERVICE:** The Scope of Services shall be performed and/or delivered during the dates and times as designated by the Coalition in the Request for Proposals for External Audit and Tax Services dated January 6, 2020 unless otherwise agreed to in writing by the Parties.

- 6) **PERSONS PERFORMING THE SCOPE OF SERVICES:** The Parties have agreed that the person(s) who will be allowed on the Coalition's property or program sites and who are approved by the Coalition to perform and/or delivery the Scope of Services as set forth in **Exhibit A** are as follows:

**Bill Benson: Engagement Partner**

Notwithstanding the foregoing, the Vendor is allowed during the Term to engage or hire additional persons to complete the Scope of Services at their own cost and expense so long as Vendor provides notification and approval from the Coalition prior to those persons entering the Coalition's property and/or program sites.

- 7) **REPORTING:** Vendor will report directly to **Coalition Audit Committee** and in connection with the performance of the duties under this Agreement and shall fulfill any other duties reasonably requested by the Coalition and agreed to by the Vendor.

Any questions, comments or concerns between the Parties regarding the Scope of Services should be addressed directly by the individuals referenced herein.

- 8) **SECURITY:** Vendor agrees that any access to the Coalition's property or program sites (i.e. buildings, rooms, or other areas) that is provided to the Vendor shall only be utilized to perform and/or deliver the Scope of Services and that the Vendor shall not access, nor provide access to a third party, to any of the Coalition's program sites or property without the expressed written consent of the Coalition. Vendor agrees to safeguard and not distribute all keys, passcodes and/or access cards to enter or access the Coalition's property or program sites provided to the Vendor by Coalition. In the event any keys or access cards have been lost or stolen, or any passcodes have been stolen and/or provided, whether intentionally or unintentionally, to a third party, Vendor agrees to provide written notification to the Coalition as soon as possible in order for the Coalition to secure the Coalition's property or program sites. Vendor agrees to turn in any and all keys or access cards to the Coalition at the completion of its Scope of Services, termination of the Agreement, or expiration of the agreement, whichever is earlier.

- 9) **PROPERTY:** The Parties agree that the Coalition shall not be responsible for the security, maintenance and/or storage of Vendor's equipment, accessories, materials, documents, uniforms, or other property at the Coalition's property or program sites. Unless otherwise agreed to by the Parties, Vendor shall keep and maintain its equipment, documents, materials, accessories, uniforms or other property at a location other than the Coalition's property or program sites set forth in **Exhibit A**. In the event the Parties agree that Vendor may keep its equipment, accessories, materials, documents, uniforms or other property at any Coalition's property or program sites, the Coalition shall not be liable for any damage or destruction of said equipment, materials, documents, uniforms or other property of the Vendor. Any tangible or nonexpendable property purchased by the Vendor, in part or in whole, for the Scope of Services as set forth in **Exhibit A** using federal funds shall be used for the purposes of that federal

program and will be accounted for in accordance with applicable federal and state statutes, rules and regulations. Vendor will comply with 45 C.F.R. 74.32 for real property, 45 C.F.R. 74.34 for equipment and 45 C.F.R. 74.35 for supplies. Vendor acknowledges that property purchases with funds as stated herein will revert in terms of title and ownership to the Coalition upon termination of the contract. Property will not be purchased using program funds without the prior written approval of the Coalition. Contingencies such as liens or other liabilities shall not be placed upon assets or services owned or paid for by the Coalition nor shall nonexpendable property owned, paid for or in the possession of the Coalition be used as collateral by the Vendor.

**10) HEALTH AND SAFETY:** Vendor agrees that the Vendor as well as any persons hired, contracted, or utilized by Vendor to perform or deliver the Scope of Services will follow, where applicable, the Coalition's policies and procedures in the performance and/or delivery of the Scope of Services as it concerns health and safety issues. The Vendor agrees to exercise the upmost care and take all necessary precautions to ensure the health and safety of the program recipients, employees, vendors, and/or volunteers of the Coalition as well as the public at large in the delivery and/or performance of the Scope of Services. The Vendor shall also ensure that it has in place the appropriate post clean up protocols in order to eliminate and/or alleviate any hazardous conditions subsequent to the completion of its work at the Coalition's site locations. If there is a conflict between the Vendor's post clean up protocols and Coalition's policies and procedures/best practices, the Vendor shall utilize Coalition's policies and procedures/best practices unless said policies and procedures/best practices are in violation of applicable law in which case the Vendor shall use its post clean up protocols.