

Early Learning Coalition of Broward County, Inc.

Financial Statements
and Additional Information
For the Year Ended June 30, 2023



Early Learning Coalition of Broward County, Inc.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Early Learning Coalition of Broward County, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Early Learning Coalition of Broward County, Inc., (a nonprofit organization) (the "Organization"), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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 Organization'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.

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 Organization'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 Organization'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* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and State of Florida Chapter 10.650, *Rules of the Auditor General*, 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.

Report on Summarized Comparative Information

We have previously audited the Organization’s June 30, 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 22, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

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

KEEFE McCULLOUGH

Fort Lauderdale, Florida
(DATE)

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FINANCIAL STATEMENTS



Early Learning Coalition of Broward County, Inc.
Statement of Financial Position
June 30, 2023
(with comparative totals for June 30, 2022)

	<u>2023</u>	<u>2022</u>
Assets:		
Cash	\$ 5,151,188	\$ 10,062,564
Grants and contracts receivable	16,009,206	2,199,599
Advances to providers	636,043	525,617
Prepaid expenses and other assets	231,615	360,422
Property and equipment, net	19,479	11,484
Operating lease right-of-use asset	1,400,346	-
	<u>23,447,877</u>	<u>13,159,686</u>
Total assets	\$ 23,447,877	\$ 13,159,686
Liabilities:		
Accounts payable and accrued expenses	\$ 3,513,470	\$ 2,181,455
Refundable advances	2,598,109	1,347,746
Due to funders	-	128,245
Due to providers	15,321,931	8,958,600
Operating lease liability	1,550,215	209,758
	<u>22,983,725</u>	<u>12,825,804</u>
Total liabilities	22,983,725	12,825,804
Net Assets:		
Without donor restrictions:		
Undesignated	464,152	333,882
	<u>464,152</u>	<u>333,882</u>
Total net assets	464,152	333,882
Total liabilities and net assets	\$ <u>23,447,877</u>	\$ <u>13,159,686</u>

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

Early Learning Coalition of Broward County, Inc.
Statement of Activities
For the Year Ended June 30, 2023
(with comparative totals for June 30, 2022)

	<u>2023</u>	<u>2022</u>
Public Support and Revenues:		
Federal grants and contracts	\$ 245,759,543	\$ 124,252,409
State grants and contracts	38,233,157	34,068,364
Local grants and contracts	11,048,366	8,345,363
Other income	56,187	13,103
	<u>295,097,253</u>	<u>166,679,239</u>
Operating Expenses:		
Program services:		
Slots and pass through	272,270,285	150,951,706
Eligibility, provider relations and payments	8,701,668	7,549,302
Quality and education	8,737,498	4,285,299
	<u>289,709,451</u>	<u>162,786,307</u>
Total program services		
Supporting services:		
General and administrative expenses	5,320,928	3,876,813
	<u>295,030,379</u>	<u>166,663,120</u>
Total operating expenses		
Change in net assets without donor restrictions	66,874	16,119
ASC 842 Adjustment	63,396	-
Net Assets, Beginning of Year	<u>333,882</u>	<u>317,763</u>
Net Assets, End of Year	<u>\$ 464,152</u>	<u>\$ 333,882</u>

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

Early Learning Coalition of Broward County, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2023
(with comparative totals for June 30, 2022)

	Program Services			Supporting Services		Total 2023	Total 2022
	Slots and Pass Through	Eligibility, Provider Relations, and Payments	Quality and Education	Total Program Services	General and Administration		
Child care slots	\$ 149,933,973	\$ -	\$ -	\$ 149,933,973	\$ -	\$ 149,933,973	\$ 107,722,265
Other assistance to providers	122,336,312	-	-	122,336,312	-	122,336,312	43,687,281
Subrecipient payments	-	279,211	189,885	469,096	171,572	640,668	559,453
Salaries and benefits	-	7,983,721	4,097,330	12,081,051	3,794,976	15,876,027	12,137,603
Professional fees	-	15,450	454,480	469,930	440,161	910,091	934,860
Insurance	-	31,166	11,923	43,089	8,567	51,656	42,105
Printing and reproduction	-	-	3,382	3,382	6,183	9,565	1,304
Rent	-	220,717	85,951	306,668	186,414	493,082	463,135
Instructional materials	-	-	3,714,135	3,714,135	208,515	3,922,650	325,437
Staff travel and conferences	-	4,142	32,411	36,553	18,694	55,247	93,930
Office expenses	-	140,047	99,584	239,631	427,657	667,288	603,041
Other expenses	-	27,214	48,417	75,631	56,605	132,236	90,928
Depreciation	-	-	-	-	1,584	1,584	1,778
Total expenses	\$ 272,270,285	\$ 8,701,668	\$ 8,737,498	\$ 289,709,451	\$ 5,320,928	\$ 295,030,379	\$ 166,663,120

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

Early Learning Coalition of Broward County, Inc.
Statement of Cash Flows
For the Year Ended June 30, 2023
(with comparative totals for June 30, 2022)

	<u>2023</u>	<u>2022</u>
Cash Flows From Operating Activities:		
Change in net assets without donor restrictions	\$ 66,874	\$ 16,119
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Provision for depreciation	1,584	1,778
Amortization of operating lease right-of-use asset	204,921	-
(Increase) decrease in assets:		
Grants and contracts receivable	(13,809,607)	9,272,284
Advances to providers	(110,426)	1,557,669
Prepaid expenses and other assets	128,807	3,570
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	1,332,015	619,367
Refundable advances	1,250,363	(59,671)
Due to funders	(128,245)	(835,134)
Due to providers	6,363,331	(5,512,902)
Operating lease liability	(201,414)	40,604
	<u>(4,901,797)</u>	<u>5,103,684</u>
Cash Flows From Financing Activities:		
Purchase of property and equipment	(9,579)	-
	<u>(9,579)</u>	<u>-</u>
Net cash provided by (used in) financing activities	(9,579)	-
	<u>(9,579)</u>	<u>-</u>
Net increase (decrease) in cash	(4,911,376)	5,103,684
Cash, Beginning of Year	<u>10,062,564</u>	<u>4,958,880</u>
Cash, End of Year	<u>\$ 5,151,188</u>	<u>\$ 10,062,564</u>

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

Note 1 - Organization and Operations

The Early Learning Coalition of Broward County, Inc. (the "Organization") was incorporated on June 12, 2000, under the laws of the State of Florida, as a not-for-profit organization. The purpose of the Organization is to implement an integrated and quality seamless service delivery system for all publicly-funded early education and care programs in Broward County serving children from birth to thirteen years of age. The Organization provides child-care services to school-age children under statutory guidelines. Its mission is to provide the resources, advocacy, leadership, coordination and oversight for early care and education from birth to school-age and to support access to school-age care to ensure children's success in school.

Although the Organization has a variety of goals and objectives, all of its goals and objectives relate to the Organization's primary objective of school readiness for children. Program goals include preparation of children for kindergarten, provision of childcare to meet the needs of working parents with children aged birth to thirteen, and development and training of childcare centers and family childcare homes.

Note 2 - Summary of Significant Accounting Policies

Basis of accounting: The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Basis of presentation: The financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Update (FASB ASU) No. 2016-14 *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements for Not-for-Profit Entities*. Under FASB ASU No. 2016-14, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets: Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- *Net Assets Without Donor Restrictions* - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- *Net Assets With Donor Restrictions* - Net assets subject to donor (or certain grantor) imposed restrictions. Some restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor or grantor. Other restrictions are perpetual in nature, where the donor or grantor stipulates that resources be maintained in perpetuity.

Note 2 - Summary of Significant Accounting Policies (continued)

Generally, contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the combined statement of activities as net assets released from restrictions. All contributions are considered available for general use, unless specifically restricted by the donor or subject to other legal restrictions.

Cash: The Organization considers all highly liquid investments, for general operating purposes, with a maturity of three months or less when purchased to be cash equivalents.

Receivables and allowance for doubtful accounts: Grants and contracts receivable consist principally of claims not yet reimbursed by various grantor agencies. Receivable balances are unsecured. Management periodically reviews the receivable balances and provides an allowance for accounts which may be uncollectible based on historical experience, an assessment of economic conditions, and a review of subsequent collections. At June 30, 2023 and 2022, management considered all of its grants and contract receivable balances to be fully collectible, except for approximately \$ 289,000 and \$324,000, respectively, which is uncollectible from providers, but will be collectible from the grantor agency.

Advances to providers: Advances to providers consist of advances to various providers for child-care services, as required by law. Management recorded an allowance for advances to providers of approximately \$ 495,000 for the years ended June 30, 2023 and 2022, for amounts estimated to be unrecoverable, but will be collectible from the grantor agency.

Property and equipment: Property and equipment are carried at cost. The Organization's policy is to provide for depreciation, using the straight-line method over the estimated useful life of the asset. Estimated useful lives for assets are as follows:

Computers and software	3 years
Furniture and equipment	5-7 years
Leasehold improvements	10 years

Maintenance and repairs to property and equipment are charged to expense when incurred. Additions and major renewals are capitalized.

Due to providers: Due to providers represents pending reimbursements for child-care services to various providers for costs incurred prior to June 30, and not paid until after the fiscal year end.

Refundable advances: Revenues received in advance (nonexchange transaction) that are not recognized because the allowable costs as defined by the individual grant or contract have not been incurred, the unit of service has not been provided, and/or the conditions of release have not been substantially met or explicitly waived are considered refundable advances.

Note 2 - Summary of Significant Accounting Policies (continued)

Revenue and revenue recognition: The Organization recognizes revenues from nonexchange transactions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return are not recognized until the conditions on which they depend have been substantially met or explicitly waived.

Grant and contract revenue derived from units of service contracts is recognized as revenue when the unit of service has been provided in compliance with the specific contract. Revenue derived from cost-reimbursement contracts, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses, is recognized when such expenditures are incurred in compliance with specific contract provisions.

Other revenues are recognized when the performance obligation of transferring the products or providing the service are met.

Leases: The Organization determines if an arrangement is or contains a lease at inception. Leases are included in operating lease right-of-use ("ROU") asset and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term. Operating lease expense is recognized on a straight-line basis over the lease term. The Organization does not report ROU assets and lease liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

In 2023, the Organization adopted FASB Accounting Standards Update ("ASU") 2016-02, *Leases* (Topic 842), as amended. This guidance is intended to improve financial reporting of lease transactions by requiring organizations that lease assets to recognize assets and liabilities for the rights and obligations created by leases that extend more than 12 months. Key provisions in this guidance include additional disclosures surrounding the amount, timing, and uncertainty of cash flows arising from leases. The Organization elected the modified retrospective transition method, presenting the impact of ASU 2016-02 in the current year of adoption only, with any material cumulative effect of initially applying the guidance recognized at the beginning of the current year. This resulted in a change to net assets as of July 1, 2022 of approximately \$ 63,000. The Organization also elected the package of practical expedients that permits no reassessment of whether any expired or existing contracts are or contain a lease, the lease classification for any expired or existing leases, and any initial direct costs for any existing leases as of the effective date.

As a result of implementing this standard, the Organization recognized (a) operating lease liabilities representing the value of the remaining lease payments discounted using an estimated discount rate of 2.298% totaling approximately \$ 1,752,000 and (b) an operating right-of-use-asset of approximately \$ 1,605,000 as of July 1, 2022.

Functional expenses: The costs of providing the various programs and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Program and supporting services are charged with their direct expenses. Certain categories of expenses are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses allocated include personnel and occupancy costs, among other expenses; which are allocated on the basis of estimates of time and effort, square footage basis, as well as other methods as determined from time-to-time by management.

Note 2 - Summary of Significant Accounting Policies (continued)

Concentrations of credit risk: Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash, receivables, and advances to providers. Although cash balances may exceed federally insured limits at times during the year, the Organization has not experienced and does not expect to incur any losses in such accounts. Cash is maintained, with what management believes to be high quality financial institutions, to limit its risk. The concentration of credit risk with respect to receivables is primarily due to the economic dependency in federal, state, and other agencies and the ability to obtain authorization, process and collect balances timely. Advances to providers are dependent on the financial ability of the individual payor and/or the ability to provide services. The Organization does not require collateral or other security to support receivables and advances to provide services.

Income taxes: The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and as such, is only subject to federal income taxes on unrelated business income. Per management, there were no material income taxes resulting from unrelated business income during the years ended June 30, 2023 and 2022.

Use of estimates: The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Summarized prior year information: The financial statements include summarized comparative information from the prior year, which is not presented by net asset type and functional expense classification and does not include sufficient detail to conform with U.S. GAAP. This information should be read in conjunction with the Organization's audited financial statements for the year ended June 30, 2022, from which the comparative information was derived.

Date of management review: Subsequent events were evaluated by management through (DATE), which is the date the financial statements were available for issuance.

Note 3 - Liquidity and Availability

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date ending June 30, 2023 is estimated and, comprise the following:

Financial assets:	
Cash	\$ 5,151,188
Grants receivable	16,009,206
Advances to providers	<u>636,043</u>
Financial assets available to meet cash needs for general expenditures within one year and to satisfy certain liabilities as they become due	\$ <u>21,796,437</u>

Early Learning Coalition of Broward County, Inc.
Notes to Financial Statements
June 30, 2023
(with comparative totals for 2022)

Note 4 - Property and Equipment

Property and equipment consisted of the following as of June 30:

	<u>2023</u>	<u>2022</u>
Computers and software	\$ 235,336	\$ 225,757
Leasehold improvements	54,039	54,039
	<u>289,375</u>	<u>279,796</u>
Less: accumulated depreciation	<u>269,896</u>	<u>268,312</u>
Total	<u>\$ 19,479</u>	<u>\$ 11,484</u>

Note 5 - Operating Leases

The Organization previously entered into a one hundred twenty-five (125) month operating lease agreement for office space, commencing April 30, 2019. The lease provides for base lease payments of approximately \$ 18,000 per month, escalating annually by 3.0%, plus the Organization's share of common area maintenance charges through September 2029.

The Organization also entered into an operating lease agreement with the School Board of Broward County, Florida ("SBBC") to lease space to provide program support services and training to school readiness clients and providers. The Organization is required to pay a shared custodial cost for the leased space in the amount of approximately \$ 12,000 per year through September 2025.

The right-of-use asset and corresponding liability associated with future lease payments at June 30, 2023 are approximately \$ 1,400,000 and \$ 1,550,000, respectively, using an estimated discount rate of 2.298%. The lease has a weighted average remaining lease term of 6.25 years at June 30, 2023. The lease cost related to these leases and other short-term leases was approximately \$ 493,000 and \$ 461,000 for the years ended June 30, 2023 and 2022, respectively.

Estimated future operating lease payments are expected to be paid as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2024	\$ 246,280
2025	253,668
2026	261,278
2027	269,117
Thereafter	<u>635,849</u>
	1,666,192
Less PV Discount	<u>(115,977)</u>
	<u>\$ 1,550,215</u>

Note 6 - Commitments and Contingencies

Grants and contracts: The grant and contract revenue amounts received are subject to audit and adjustment. If any expenditures or expenses are disallowed by the grantor agencies as a result of such an audit, any claim for reimbursement to the grantor/contract agencies becomes a liability of the Organization.

Note 7 - Concentrations

The Organization receives a substantial portion of its revenue from federal, state and local government agencies. If a significant reduction in this revenue should occur, it may have an effect on the Organization's programs and activities. For the years ended June 30, 2023 and 2022, approximately 99% of the Organization's revenues and support were from the Division of Early Learning (DEL) and the Children's Services Council of Broward County. At June 30, 2023 and 2022, amounts owed to the Organization from these agencies was 99% and 93%, respectively.

Note 8 - Related Parties

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

Total payments to these related organizations during the years ended June 30, 2023 and 2022 were approximately \$ 4,951,000 and \$ 4,053,000, respectively. Accounts payable to related parties at June 30, 2023 and 2022 were approximately \$ 0 and \$ 1,000, respectively.

Note 9 - Defined Contribution Pension Plan

The Organization offers a 403(b) defined contribution retirement plan. Contributions to the plan by the Organization are discretionary. For the years ended June 30, 2023 and 2022, the Organization contributed approximately \$ 324,000 and \$ 247,000, respectively.

Early Learning Coalition of Broward County, Inc.
Notes to Financial Statements
June 30, 2023
(with comparative totals for 2022)

Note 10 - Local Grant and Contract Revenue

	<u>2023</u>	<u>2022</u>
Children's Services Council grants:		
Financially Assisted Child Care	\$ 5,587,687	\$ 3,514,532
Vulnerable Pop Child Care	<u>2,748,911</u>	<u>2,313,271</u>
Total Children's Services Council grants	<u>8,336,598</u>	<u>5,827,803</u>
Broward County grants:		
Subsidized Program	2,253,090	1,896,240
Special Needs	<u>-</u>	<u>141,655</u>
Total Broward County grants	<u>2,253,090</u>	<u>2,037,895</u>
Other local grants and contracts:		
School Readiness Local Match	354,508	406,881
Other	<u>104,170</u>	<u>72,784</u>
Total other local grants and contracts	<u>458,678</u>	<u>479,665</u>
Total local grant and contract revenue	\$ <u><u>11,048,366</u></u>	\$ <u><u>8,345,363</u></u>

ADDITIONAL INFORMATION



**Early Learning Coalition of Broward County, Inc.
Schedule of Expenditures of Federal Awards and State Financial Assistance
For the Year Ended June 30, 2023**

<u>Federal /State Agency Pass-through Grantor/Federal Program/State Project</u>	<u>Assistance Listing/CSFA Number</u>	<u>Contract/Grant Number</u>	<u>Expenditures</u>	<u>State Matching Expenditures (1)</u>	<u>Transfers to Subrecipients</u>
Federal Agency Name:					
Indirect Programs:					
U.S. Department of Health and Human Services - Passed through State of Florida Division of Early Learning -					
Temporary Assistance for Needy Families	93.558	EL093	\$ 11,023,318	\$ 14,255,806	\$ 315,684
Child Care and Development Fund Cluster - Child Care and Development Block Grant	93.575	EL093	43,546,267	-	744,335
COVID-19 Coronavirus Response and Relief Supplemental Appropriations Funds	93.575	EL093	14,599,660	-	-
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	EL093	23,273,143	6,031,752	363,691
COVID-19 Child Care and Development Block Grant - America Rescue Plan Act	93.575	EL093	<u>131,838,567</u>	<u>-</u>	<u>-</u>
Total Child Care and Development Fund Cluster			<u>213,257,637</u>	<u>6,031,752</u>	<u>1,108,026</u>
Social Services Block Grant	93.667	EL093	27,449	-	855
Every Student Succeeds Act/Preschool Development Grants	93.434	EL093	<u>1,159,316</u>	<u>-</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 225,467,720</u>	<u>\$ 20,287,558</u>	<u>\$ 1,424,565</u>

See Notes to the Schedule of Federal Awards and State Financial Assistance.

**Schedule of Expenditures of Federal Awards and State Financial Assistance
(continued)
For the Year Ended June 30, 2023**

<u>Federal /State Agency Pass-through Grantor/Federal Program/State Project</u>	<u>Assistance Listing/CSFA Number</u>	<u>Contract/Grant Number</u>	<u>Expenditures</u>	<u>State Matching Expenditures (1)</u>	<u>Transfers to Subrecipients</u>
State Agency Name:					
Indirect Programs:					
State of Florida Department of Education -					
Passed through State of Florida Division of Early					
Learning -					
Voluntary Pre-Kindergarten Services	48.108	EL093	\$ <u>38,237,422</u>	\$ <u>-</u>	\$ <u>-</u>
Total Expenditures of State Financial Assistance			\$ <u><u>38,237,422</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>

(1) State financial assistance not subject to Section 215.97, Florida Statutes.

See Notes to the Schedule of Federal Awards and State Financial Assistance.

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards and state financial assistance (the "Schedule") includes the federal and state award activity of Early Learning Coalition of Broward County, Inc. (the "Organization") under programs of the federal and state governments for the year ended June 30, 2023. The information in the Schedule is presented in accordance with the requirements of the Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards*, (Uniform Guidance) and Chapter 10.650, *Rules of the Florida Auditor General*. Because of the Schedule presenting only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, change in net assets, or cash flows of the Organization.

Note 2 - Summary of Significant Account Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and Chapter 10.650, *Rules of the Florida Auditor General*, wherein certain types of expenditures are not allowable or are limited as to reimbursement, as applicable.

Note 3 - Indirect Cost Rate

The Organization did not elect to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4 - Contingency

The grant and contract revenue amounts received are subject to audit and adjustment. If any expenditures or expenses are disallowed by the grantor agencies as a result of such an audit, any claim for reimbursement to the grantor/contract agencies would become a liability of the Organization. In the opinion of management, all grant and contract expenditures are in compliance with the terms of the agreements and applicable federal and state laws and other applicable regulations.

INTERNAL CONTROLS AND COMPLIANCE

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
Early Learning Coalition of Broward County, Inc.

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 Early Learning Coalition of Broward County, Inc. (a nonprofit organization) (the "Organization"), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, 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 (DATE).

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Organization'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 Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of Organization'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 Organization's financial statements are free of 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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KEEFE McCULLOUGH

Fort Lauderdale, Florida
(DATE)

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
CHAPTER 10.650, *RULES OF THE AUDITOR GENERAL*

To the Board of Directors
Early Learning Coalition of Broward County, Inc.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program and State Project

We have audited Early Learning Coalition of Broward County, Inc.'s (the "Organization") (a nonprofit organization) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the compliance requirements described in the *Department of Financial Services' State Projects Compliance Supplement*, that could have a direct and material effect on each of the Organization's major federal programs and state projects for the year ended June 30, 2023. The Organization'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 Organization 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 (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.650, *Rules of the Auditor General*. Our responsibilities under those standards, the Uniform Guidance, and Chapter 10.650, *Rules of the Auditor General* 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 Organization 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 Organization'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 Organization'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 Organization'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*, 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. 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 Organization'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 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 Organization'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 Organization'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 Organization'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/or state project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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 and/or state project will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program and/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.

KEEFE McCULLOUGH

Fort Lauderdale, Florida
(DATE)

DRAFT

**Early Learning Coalition of Broward County, Inc.
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2023**

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:

Unmodified Opinion

Internal control over financial reporting:

Material weaknesses (es) identified?	<u> </u> yes	<u> X </u> no
Significant deficiency(ies) identified?	<u> </u> yes	<u> X </u> none reported
Noncompliance material to financial statements noted?	<u> </u> yes	<u> X </u> no

Federal Programs and State Projects

Internal control over major federal programs and state projects:

Material weaknesses(es) identified?	<u> </u> yes	<u> X </u> no
Significant deficiency(ies) identified?	<u> </u> yes	<u> X </u> none reported

Type of auditor's report issued on compliance for major federal programs and state projects?

Unmodified Opinion

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) or Chapter 10.650, <i>Rules of the Auditor General</i> ?	<u> </u> yes	<u> X </u> no
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Identification of major federal program(s) and state project(s):

<u>Assistance Listing No.</u>	<u>Federal Program or Cluster</u>
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- Child Care and Development Fund Cluster:
- # 93.575 Child Care and Development Block Grants
 - # 93.575 America Rescue Plan Act
 - # 93.575 Coronavirus Response and Relief Supplemental Appropriations Funds
 - 93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund

<u>CSFA No.</u>	<u>State Project</u>
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State of Florida Department of Education -
 48.108 Voluntary Pre-Kindergarten Services

Dollar threshold used to distinguish between Type A and Type B Programs: \$ 3,000,000

**Early Learning Coalition of Broward County, Inc.
Schedule of Findings and Questioned Costs
(continued)
For the Year Ended June 30, 2023**

Dollar threshold used to distinguish between Type A
and Type B Projects:

\$ 1,147,011

Auditee qualified as low-risk auditee?

X yes no

SECTION II - FINANCIAL STATEMENT FINDINGS

None reported.

**SECTION III - FEDERAL AWARDS PROGRAMS AND STATE
FINANCIAL ASSISTANCE PROJECT FINDINGS AND QUESTIONED COSTS**

None reported.

**SECTION IV - STATE OF FLORIDA DIVISION OF EARLY LEARNING (DEL) REPORTING
REQUIREMENTS FINANCIAL STATEMENT FINDINGS**

- | | |
|--|-----|
| 1. EFS Mod reconciled monthly | Yes |
| 2. Processes in place to identify and correct errors during
monthly reconciled to EFS Mod | Yes |
| 3. Organization financial records reconcile and agree to EFS
Mod as of program year ended June 30, 2023 | Yes |
| 4. Audit workpapers documenting verifications of
reconciliations available to DEL staff | Yes |

SECTION VI - PRIOR YEAR AUDIT FINDINGS

None reported.

SECTION VI - OTHER

No management letter is required because there were no findings required to be
reported in a separate management letter.