

Early Learning Coalition of Broward County, Inc.

Financial Statements
and Additional Information
For the Year Ended June 30, 2021



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 Financial Statements

We have audited the accompanying financial statements of Early Learning Coalition of Broward County, Inc., (the "Organization"), which comprise of the statement of financial position as of June 30, 2021, and the related statements of activities and change in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2021, 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.

Report on Summarized Comparative Information

We have previously audited the Organization's 2020 financial statements and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 5, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal awards and State Financial Assistance, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the *Florida Single Audit Act*, are presented for purposes of additional analysis and are 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 are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated (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)

FINANCIAL STATEMENTS



Early Learning Coalition of Broward County, Inc.
Statement of Financial Position
June 30, 2021
(with comparative totals for June 30, 2020)

	<u>2021</u>	<u>2020</u>
Assets:		
Cash	\$ 4,958,880	\$ 5,127,883
Grants and contracts receivable	11,471,883	8,031,751
Advances to providers	2,083,286	2,557,350
Prepaid expenses and other assets	363,992	316,464
Property and equipment, net	13,262	17,177
	<u>18,891,303</u>	<u>16,050,625</u>
Total assets	\$ 18,891,303	\$ 16,050,625
Liabilities:		
Accounts payable and accrued expenses	\$ 1,562,088	\$ 1,442,042
Deferred rent liability	169,154	132,349
Refundable advances	1,407,417	2,559,295
Due to funders	963,379	-
Due to providers	14,471,502	11,595,383
	<u>18,573,540</u>	<u>15,729,069</u>
Total liabilities	18,573,540	15,729,069
Net Assets:		
Without donor restrictions:		
Undesignated	317,763	321,556
	<u>317,763</u>	<u>321,556</u>
Total net assets	317,763	321,556
	<u>18,891,303</u>	<u>16,050,625</u>
Total liabilities and net assets	\$ 18,891,303	\$ 16,050,625

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, 2021
(with comparative totals for June 30, 2020)

	<u>2021</u>	<u>2020</u>
Public support and revenues:		
Federal grants and contracts	\$ 97,999,008	\$ 60,915,401
State grants and contracts	27,139,415	47,118,337
Local grants and contracts	9,142,186	12,888,544
Other income	4,728	59,964
	<u>134,285,337</u>	<u>120,982,246</u>
Operating Expenses:		
Program services:		
Slots and pass through	120,131,693	109,144,953
Eligibility, provider relations and payments	6,612,782	5,862,861
Quality and education	4,380,402	2,838,442
	<u>131,124,877</u>	<u>117,846,256</u>
Total program services	131,124,877	117,846,256
Supporting services:		
General and administrative expenses	3,164,253	3,119,571
	<u>134,289,130</u>	<u>120,965,827</u>
Total operating expenses	134,289,130	120,965,827
Change in net assets without donor restrictions	(3,793)	16,419
Net Assets, beginning of year	<u>321,556</u>	<u>305,137</u>
Net Assets, end of year	<u>\$ 317,763</u>	<u>\$ 321,556</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, 2021
(with comparative totals for June 30, 2020)

	Program Services			Supporting Services		Total 2021	Total 2020
	Slots and Pass Through	Eligibility, Provider Relations, and Payments	Quality and Education	Total Program Services	General and Administration		
Child care slots	\$ 101,500,925	\$ -	\$ -	\$ 101,500,925	\$ -	\$ 101,500,925	\$ 106,918,753
Other assistance to providers	18,630,768	-	362,431	18,993,199	-	18,993,199	2,226,200
Subrecipient payments	-	332,886	1,269,333	1,602,219	133,565	1,735,784	866,653
Salaries and benefits	-	5,822,403	2,101,557	7,923,960	2,355,610	10,279,570	9,335,956
Professional fees	-	17,183	147,228	164,411	277,427	441,838	361,013
Insurance	-	22,235	6,033	28,268	5,225	33,493	19,833
Printing and reproduction	-	-	-	-	2,134	2,134	19,756
Rent	-	288,627	78,208	366,835	70,238	437,073	433,989
Instructional materials	-	-	308,418	308,418	-	308,418	116,104
Staff travel and conferences	-	454	7,845	8,299	2,166	10,465	24,612
Office expenses	-	103,309	96,979	200,288	300,241	500,529	543,565
Other expenses	-	25,685	2,370	28,055	13,731	41,786	95,477
Depreciation	-	-	-	-	3,916	3,916	3,916
Total expenses	\$ 120,131,693	\$ 6,612,782	\$ 4,380,402	\$ 131,124,877	\$ 3,164,253	\$ 134,289,130	\$ 120,965,827

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, 2021
(with comparative totals for June 30, 2020)

	<u>2021</u>	<u>2020</u>
Cash Flows From Operating Activities:		
Change in net assets without donor restrictions	\$ (3,793)	\$ 16,419
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Provision for depreciation	3,915	3,916
(Increase) decrease in assets:		
Grants and contracts receivable	(3,440,132)	(5,123,592)
Advances to providers	474,064	(2,313,927)
Prepaid expenses and other assets	(47,528)	46,785
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	120,046	35,037
Deferred rent liability	36,805	91,914
Refundable advances	(1,151,878)	2,198,482
Due to funders	963,379	-
Due to providers	2,876,119	5,274,463
	<u>(169,003)</u>	<u>229,497</u>
Net cash provided by (used in) operating activities		
	<u>(169,003)</u>	<u>229,497</u>
Cash, beginning of year	<u>5,127,883</u>	<u>4,898,386</u>
Cash, end of year	<u>\$ 4,958,880</u>	<u>\$ 5,127,883</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 promote voluntary pre-kindergarten education program (VPK) and school readiness programs, which will increase the achievement of future educational success for all children residing in Broward County in the specified age groups.

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 ("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, 2021, management considered all of its grants and contract receivable balances to be fully collectible, except for approximately \$ 325,000 which is uncollectible from providers, but will be collectible from the grantor agency. At June 30, 2020, management considered all of its receivable balances to be fully collectible; therefore, no allowance was recorded.

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 and \$ 525,000 for the years ended June 30, 2021 and 2020.

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.

Deferred rent: The Organization recognizes rent expense on a straight-line basis over the term of its lease agreements. The difference in the amount of cash paid and recognized rent expense is recorded as a deferred rent liability in the accompanying statements of financial position. The Organization received rent abatement for several months that resulted in deferred rent.

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.

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.

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, 2021 and 2020.

Use of estimates: The preparation of financial statements in conformity with 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.

Note 2 – Summary of Significant Accounting Policies (continued)

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 GAAP. This information should be read in conjunction with the Organization’s audited financial statements for the year ended June 30, 2020, from which the comparative information was derived.

Reclassifications: Certain accounts in the prior year financial statements have been reclassified to conform with the presentation in the current year financial statements.

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, 2021 is estimated and, comprise the following:

Financial assets:		
Cash	\$	4,958,880
Grants receivable		11,471,883
Advances to providers		<u>2,083,286</u>
Financial assets available to meet cash needs for general expenditures within one year and to satisfy certain liabilities as they become due	\$	<u><u>18,514,049</u></u>

Note 4 - Property and Equipment

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

	<u>2021</u>	<u>2020</u>
Computers and software	\$ 225,757	\$ 225,757
Leasehold improvements	<u>54,039</u>	<u>54,039</u>
	279,796	279,796
Less: accumulated depreciation	<u>266,534</u>	<u>262,619</u>
Total	<u><u>\$ 13,262</u></u>	<u><u>\$ 17,177</u></u>

Note 5 - 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.

Leases: Previously, the Organization 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 \$ 18,144 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 \$ 12,000 per year through September 2022.

Rent expense and other related occupancy costs under these agreements was approximately \$ 437,000 and \$ 434,000 for the years ended June 30, 2021 and 2020, respectively.

The following are approximate base future minimum lease payments:

Year Ending June 30,	Amount
2022	\$ 232,100
2023	\$ 239,100
2024	\$ 246,300
2025	\$ 253,700
2026	\$ 261,300
Thereafter	\$ <u>905,000</u>
Total	\$ <u><u>2,137,500</u></u>

Note 6 - Concentrations

The Organization receives a substantial portion of its revenue from federal and state grants. If a significant reduction in this revenue should occur, it may have an effect on the Organization's programs. For the years ended June 30, 2021 and 2020, approximately 98% and 97%, respectively, of the Organization’s revenues and support were from the Division of Early Learning (DEL) and the Children's Services Council of Broward County.

Note 7 - 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.

Early Learning Coalition of Broward County, Inc.
Notes to Financial Statements
June 30, 2021
(with comparative totals for 2020)

Note 7 - Related Parties (continued)

Total payments to these related organizations during the years ended June 30, 2021 and 2020 were approximately \$ 4,564,000 and \$ 3,398,000, respectively. Accounts payable to related parties at June 30, 2021 and 2020 were approximately \$ 3,800 and \$ 9,100, respectively.

Note 8 - 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, 2021 and 2020, the Organization contributed approximately \$ 227,000 and \$230,000, respectively.

Note 9 - Local Grant and Contract Revenue

Local grant and contract revenue consisted of the following as of June 30:

	<u>2021</u>	<u>2020</u>
Children's Services Council		
Financially Assisted Child Care	\$ 4,502,338	\$ 5,725,342
Vulnerable Pop Child Care	<u>1,725,958</u>	<u>3,951,231</u>
Total Children's Services Council grants	<u>6,228,296</u>	<u>9,676,573</u>
Broward County		
Subsidized Program	1,902,150	2,141,397
Special Needs	<u>303,639</u>	<u>495,025</u>
Total Broward County grants	<u>2,205,789</u>	<u>2,636,422</u>
Other		
School Readiness Local Match	371,321	523,313
Other	<u>336,780</u>	<u>52,236</u>
Total other local grants and contracts	<u>708,101</u>	<u>575,549</u>
Total local grant and contract revenue	<u>\$ 9,142,186</u>	<u>\$ 12,888,544</u>

Note 10 - Risk and Uncertainties

The coronavirus (COVID-19) outbreak has caused disruption in international and U.S. economies and markets. The coronavirus and fear of further spread has caused quarantines, cancellation of events, and overall reduction in business and economic activity. On March 11, 2020, the *World Health Organization* designated the coronavirus outbreak as a pandemic. Management and the Board of Directors continue to evaluate and monitor the potential adverse effect, if any, that this event may have on the Organization's financial position, operations and cash flows. The full impact of COVID-19 is unknown at this time and cannot be reasonably estimated as these events are still developing.

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, 2021**

<u>Federal /State Agency Pass-through Grantor/Federal Program/State Project</u>	<u>CFDA/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	EL091	\$ 10,111,738	\$ 9,257,886	\$ 209,544
Child Care and Development Fund Cluster					
Child Care and Development Block Grant	93.575	EL091	37,666,381	-	482,477
COVID-19 Child Care and Development Block Grant	93.575	EL091	22,535,629	-	-
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	EL091	<u>12,215,611</u>	<u>5,302,147</u>	<u>261,954</u>
Total Child Care and Development Fund Cluster			<u>72,417,621</u>	<u>5,302,147</u>	<u>744,431</u>
Social Services Block Grant	93.667	EL091	36,684	-	668
Every Student Succeeds Act/Preschool Development Grants	93.434	EL091	<u>872,932</u>	<u>-</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 83,438,975</u>	<u>\$ 14,560,033</u>	<u>\$ 954,643</u>

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

Early Learning Coalition of Broward County, Inc.
 Schedule of Expenditures of Federal Awards and State Financial Assistance
 (continued)
 For the Year Ended June 30, 2021

<u>Federal /State Agency Pass-through Grantor/Federal Program/State Project</u>	<u>CFDA/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	EL091	\$ 27,089,027	\$ -	\$ -
Voluntary Pre-Kindergarten Services	48.108	OA091	<u>50,388</u>	<u>-</u>	<u>-</u>
Total Expenditures of State Financial Assistance			<u>\$ 27,139,415</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”) include 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, 2021. 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 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 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, 2021, 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).

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 may exist that have not been identified.

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, 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 and State Project

We have audited Early Learning Coalition of Broward County, Inc.'s (a nonprofit organization) (the "Organization") compliance with the types of compliance requirements described 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 Organization's major federal programs and state projects for the year ended June 30, 2021. 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.

Management's Responsibility

Management is responsible for compliance with federal and state statues, regulations, and the terms and conditions of its federal awards applicable to its federal programs and state projects.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs and state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.650, *Rules of the Auditor General*. Those standards, the Uniform Guidance and Chapter 10.650, *Rules of the Auditor General* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program and/or state project occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program and state project. However, our audit does not provide a legal determination of Organization's compliance.

Opinion on Each Major Federal Program and State Project

In our opinion, Organization's 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, 2021.

Report on Internal Control over Compliance

Management of Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and state project 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Organization's 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

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)

**Early Learning Coalition of Broward County, Inc.
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2021**

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 Awards

Internal control over major federal programs:

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?

Unmodified Opinion

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

<u>CFDA No.</u>	<u>Federal Program or Cluster</u>
	U.S. Department of Health and Human Services -
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund
93.575	Child Care and Development Block Grants and COVID 19 Child Care and Development Block Grants
<u>CSFA No.</u>	<u>State Project</u>
	State of Florida Department of Education -
48.108	Voluntary Pre-Kindergarten Services

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

\$ 2,939,982

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

\$ 814,182

Auditee qualified as low-risk auditee?	<u> X </u> yes	<u> </u> no
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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, 2021 | Yes |
| 4. Audit workpapers documenting verifications of reconciliations available to DEL staff | Yes |

SECTION VI - PRIOR YEAR AUDIT FINDINGS

Department of Health and Human Services State of Florida Department of Education

Federal Programs: CFDA 93.596 and 93.575 State Projects: CSFA 48.108

Findings 2019-001 and 2019-002: Statewide Reporting System Failure/Monthly and Annual Reconciliation Process

Condition : Early Learning Coalition of Broward County, Inc. (the "Organization") was not able to reconcile its monthly financial records for provider payments to the Single Statewide Information System ("SSIS") on a monthly basis, due to a statewide reporting system failure.

Current Status : This finding has been fully corrected in the current year.

SECTION VI - OTHER

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