

DRAFT  
03/02/2020

**EARLY LEARNING  
COALITION OF NORTH  
FLORIDA, INC.**

**Financial Statements**

**Year ended June 30, 2019**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Early Learning Coalition of North Florida, Inc.  
St. Augustine, Florida

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Early Learning Coalition of North Florida, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities and changes in net deficit, 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.

### ***Auditors' 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 auditors' 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 Early Learning Coalition of North Florida, Inc. as of June 30, 2019, and the changes in its net deficit and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**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 State of Florida Chapter 10.650, *Rules of the Auditor General*, and special audit guidance provided by the Office of Early Learning, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 11, 2020, on our consideration of Early Learning Coalition of North Florida, Inc.'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 Early Learning Coalition of North Florida, Inc.'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 Early Learning Coalition of North Florida, Inc.'s internal control over financial reporting and compliance.

Winter Park, Florida  
March 11, 2020

Early Learning Coalition of North Florida, Inc.

DRAFT  
03/02/2020

STATEMENT OF FINANCIAL POSITION

June 30, 2019

ASSETS

Cash and cash equivalents	\$ 1,268,470
Accounts receivable	283,726
Prepaid expenses	<u>11,186</u>
Total assets	<u>\$ 1,563,382</u>

LIABILITIES AND NET DEFICIT

Liabilities	
Accounts payable	\$ 4,644
Accrued expenses	23,837
Due to related parties	<u>1,734,464</u>
Total liabilities	1,762,945
Net deficit	
Without donor restrictions	<u>(199,563)</u>
Total liabilities and net deficit	<u>\$ 1,563,382</u>

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

Early Learning Coalition of North Florida, Inc.

DRAFT  
03/02/2020

STATEMENT OF ACTIVITIES AND CHANGES IN NET DEFICIT

Year ended June 30, 2019

**REVENUES**

Government grants:	
School Readiness	\$ 16,615,178
Voluntary Pre-Kindergarten	14,105,729
Local government match	160,633
Other income	10,772
Local grants	6,549
	<hr/>
Total revenues	30,898,861

**EXPENSES**

Program services:	
School Readiness	16,397,855
Voluntary Pre-Kindergarten	14,055,230
	<hr/>
Total program services	30,453,085
Supporting services:	
Management and general	416,365
	<hr/>
Total expenses	30,869,450
	<hr/>
Change in net assets	29,411
Net deficit, beginning of year	(228,974)
	<hr/>
Net deficit, end of year	\$ (199,563)

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

Early Learning Coalition of North Florida, Inc.

DRAFT  
03/02/2020

STATEMENT OF FUNCTIONAL EXPENSES

Year ended June 30, 2019

	Functional Category			Total
	School Readiness	Voluntary Pre-Kindergarten	Management and General	
Pass-through payments to sub-recipients	\$ 15,776,150	\$ 14,055,230	\$ -	\$ 29,831,380
Salaries and benefits	326,129	-	332,557	658,686
Match	160,633	-	-	160,633
Travel and conferences	51,715	-	16,503	68,218
Professional fees	42,438	-	18,313	60,751
Rent expense	27,856	-	16,575	44,431
Office expenses	6,929	-	26,264	33,193
Membership subscriptions	4,047	-	5,784	9,831
Postage and printing	1,958	-	369	2,327
Total expenses	<u>\$ 16,397,855</u>	<u>\$ 14,055,230</u>	<u>\$ 416,365</u>	<u>\$ 30,869,450</u>

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

Early Learning Coalition of North Florida, Inc.

DRAFT  
03/02/2020

STATEMENT OF CASH FLOWS

Year ended June 30, 2019

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets	\$ 29,411
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Change in:	
Accounts receivable	1,082,869
Prepaid expenses	(10,332)
Accounts payable	3,438
Accrued expenses	(1,571)
Due to related parties	<u>(282,759)</u>
Net cash provided by operating activities	821,056
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>447,414</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u><u>\$ 1,268,470</u></u>

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



NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Organization and nature of operations

Early Learning Coalition of Putnam and St. Johns Counties, Inc. (the "Coalition") was incorporated on October 6, 2000 as a not-for-profit corporation. The Coalition was formed to operate for the advancement of charity and education particularly by implementing a comprehensive program of school readiness services for Florida's at-risk birth-to-kindergarten population.

On July 1, 2005, the Coalition merged with St. Johns County School Readiness Coalition, Inc., and changed its name to Early Learning Coalition of Putnam and St. Johns Counties, Inc.

On July 1, 2013, the Coalition merged with the Early Learning Coalition of Clay, Nassau, Baker and Bradford Counties, Inc., and changed its name to Early Learning Coalition of North Florida, Inc. The Coalition provides funding for child care programs in Putnam, St. Johns, Nassau, Baker, Bradford and Clay Counties, Florida.

2. Basis of accounting and financial statement presentation

The accompanying financial statements and accompanying schedules have been prepared on the accrual basis of accounting. The Coalition reports information regarding its financial position and activities according to two classes of net assets as follows:

*Net Assets Without Donor Restrictions*

Net assets without donor restrictions are available for use at the discretion of the Board and/or management for general operating purposes. From time to time the Board designates a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion.

*Net Assets With Donor Restrictions*

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed restrictions, time and/or purpose restrictions.

The Coalition reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the statement of activities as net assets released from restrictions.

Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the Coalition to expend the income generated by the assets in accordance with the provisions of additional donor imposed stipulations or a Board approved spending policy.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3. Revenue recognition

Revenues from financial assistance programs are reported as increases in net assets without donor restrictions in the period in which the support is earned and related restrictions satisfied. Revenues are earned as allowable costs are incurred.

4. Use of estimates

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

5. Cost allocation

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities. Salaries and other expenses which are associated with a specific program are charged directly to that program. Salaries and other program support service expenses which benefit more than one program are allocated to the various programs based on the relative benefit provided.

6. Cash and cash equivalents

For purposes of the statement of cash flows, the Coalition considers all unrestricted, highly liquid investments with an initial maturity of three months or less to be cash equivalents. Financial instruments, which potentially expose the Coalition to concentrations of credit risk, consist principally of cash bank deposits. The Coalition's policy is to place its cash investments with high quality financial institutions insured by the Federal Deposit Insurance Corporation, which provides coverage on balances up to \$250,000 per depositor per institution. At June 30, 2019, the Coalition had \$1,029,148, respectively, in excess of the federally insured limit. The Coalition has never experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on cash and cash equivalents.

7. Income taxes

The Coalition is a not-for-profit corporation and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. As such, its normal activities do not result in any income tax liability.

Management has analyzed the Coalition's various federal and state filing positions and believes that its income tax filing positions and deductions are well documented and supported and that no accruals for tax liabilities are necessary. Therefore, no reserves for uncertain income tax positions have been recorded. The Coalition remains subject to examination by the US Internal Revenue Service for the years ended June 30, 2017 through June 30, 2019.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

8. Property and equipment

Property and equipment is recorded at historical cost. Property and equipment with a cost in excess of \$5,000 and a useful life of one or more years is capitalized and depreciated using the straight-line method of depreciation over the estimated useful life of 5 years.

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

9. Accounts receivable

Accounts receivable are stated at net realizable value. The Coalition considers accounts receivable to be fully collectable; therefore, no allowance for doubtful accounts is required.

10. Recent accounting pronouncements

In August 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-14, "Presentation of Financial Statements of Not-for-Profit Entities" (Topic 958). The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions", (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct internal investment expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. The new guidance was effective beginning in 2018 and the Coalition changed its presentation of net assets classes, and expanded the footnote disclosures in these financial statements as required by ASU 2016-14.

In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers, which amends the existing accounting standards for revenue recognition. ASU 2014-09 is based on principles that govern the recognition of revenue at an amount an entity expects to be entitled when contract performance obligations are met. The standard is effective for fiscal years beginning after December 15, 2018. The Coalition is currently evaluating the impact of adopting the new revenue standard on its financial statements.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

10. Recent accounting pronouncements (continued)

In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, Leases, that requires lessees to put most leases on their balance sheets and recognize expenses on their income statements in a manner similar to today's capital lease accounting. For lessors, the guidance modifies the classification criteria for accounting for sales-type and direct financing leases. The new guidance is effective for fiscal years beginning after December 15, 2020. Early adoption is permitted. The Coalition is evaluating the potential effects ASU 2016-02 will have on its financial statements.

11. Subsequent events

Management has evaluated the effect subsequent events would have on the financial statements through the date these financial statements were available to be issued on March 11, 2020.

**NOTE B - CONCENTRATIONS**

1. Economic dependency

The Coalition is financially dependent on grant funding and operates in a heavily regulated environment. The operations of the Coalition are subject to the administrative directives, rules and regulations of federal, state, and local regulatory agencies. Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by the State of Florida. Such change may occur with little notice or inadequate funding to pay for the related cost, including the additional burden, to comply with a change.

2. Concentration of credit risk

The activities of the Coalition are conducted in Clay, Nassau, Baker, Bradford, Putnam and St. Johns Counties, Florida and are supported by funding provided by government agencies. Expenditures incurred by the Early Learning Coalition of North Florida, Inc. and the subgrantees associated with the execution of various grants are subject to audit and possible disallowance by the grantor agency. The Coalition would be held responsible for recovery (reimbursement to the grantor agency) of disallowed amounts incurred by the subgrantee if the subgrantee were not able to do so. Management believes that if audited, any adjustment for disallowed expenses would be immaterial in amount.

Early Learning Coalition of North Florida, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

**NOTE C - PROPERTY AND EQUIPMENT**

Property and equipment and accumulated depreciation at June 30, 2019 is summarized as follows:

Furniture and fixtures	\$ 6,498
Less: accumulated depreciation	<u>(6,498)</u>
Property and equipment, net	<u>\$ -</u>

**NOTE D - RELATED PARTY TRANSACTIONS**

Certain members of the Board of Directors are mandated in the "School Readiness Act." Related party members include representation from Episcopal Children's Services, a provider of school readiness and voluntary pre-kindergarten services to the Coalition, and other representatives from private and public sector industries. Total payments to these related organizations during the year ended June 30, 2019 were \$29,831,380 and accounts payable to them at June 30, 2019 were \$1,734,464.

**NOTE E - RETIREMENT PLAN**

The Coalition established a tax deferred retirement plan effective for all qualifying employees. All regular full time employees are eligible to participate in the plan. The Coalition will contribute up to a 6% match of the employee's salary. The Coalition provided matching contributions of \$21,254 for retirement benefits to the plan for the year ended June 30, 2019. Employees are immediately vested in their contributions and the matching contributions.

## NOTES TO FINANCIAL STATEMENTS

June 30, 2019

**NOTE F - SCHEDULE OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**

The schedule of expenditures of federal awards and state financial assistance follows the modified accrual basis of accounting, which is a different basis of accounting as that used in the preparation of the financial statements. During the year ended June 30, 2019, the Florida Office of Early Learning, the pass-through entity for the programs, approved reimbursement of fiscal 2018-2019 expense amounts against the Coalition's 2019-2020 grant award. Accounting principles generally accepted in the United States of America require recognition of the expenditures in the period incurred and recognition of the corresponding reimbursement once the amount is earned and collection is certain. Reconciliations of the schedule of expenditures of federal awards and state financial assistance to federal expenditures included in the statement of activities and changes in net deficit is as follows:

Federal expenditures – schedule of federal awards	\$ 16,642,528
Expenditures / reimbursements from 2017-2018 grant award to be recognized in the 2018-2019 financial statements	(45,050)
Expenditures / reimbursements from 2019-2020 grant award to be recognized in the 2018-2019 financial statements	<u>17,700</u>
Total federal expenditures statement of activities and changes in net deficit	<u>\$ 16,615,178</u>

**NOTE G - LEASES AND COMMITMENTS**

The Coalition has non-cancelable operating leases for the rental of office space in Palatka, St. Augustine, and Orange Park, Florida, and an office copier machine. Rent expense for the year ended June 30, 2019 totaled \$44,431. The future minimum lease payments are as follows:

Year ending June 30:

2020	\$ 23,684
2021	16,249
2022	1,379
2023	<u>575</u>
	<u>\$ 41,887</u>

## NOTES TO FINANCIAL STATEMENTS

June 30, 2019

**NOTE H - FUNCTIONAL EXPENSES**

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and benefits, professional fees, travel and conferences, rent expense, office expenses, membership subscriptions and postage and printing, which are allocated on the basis of estimates of time and effort.

**NOTE I - LIQUIDITY AND AVAILABILITY OF RESOURCES**

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

Cash and cash equivalents	\$ 1,268,470
Accounts receivable	<u>283,726</u>
Total financial assets available within one year	<u>1,552,196</u>
Accounts payable	4,644
Accrued expenses	23,837
Due to related parties	<u>1,734,464</u>
Total financial liabilities available within one year	<u>1,762,945</u>
Total net financial assets available within one year	<u>\$ (210,749)</u>

As part of the Coalition's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Coalition receives the majority of its funding from federal and state grants passed through OEL which are on a reimbursable basis. Throughout the year, the Coalition receives advances and reimbursements each month to cover incurred expenses. To help manage unanticipated liquidity needs, the Coalition at times receives advances from OEL.

DRAFT  
03/02/2020

**SUPPLEMENTAL INFORMATION**



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

To the Board of Directors of  
Early Learning Coalition of North Florida, Inc.  
St. Augustine, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Early Learning Coalition of North Florida, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities and changes in net deficit, 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 March 11, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Early Learning Coalition of North Florida, Inc.'s internal control over financial reporting (internal control) to determine the 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 Early Learning Coalition of North Florida, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Coalition's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Early Learning Coalition of North Florida, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Coalition's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Coalition's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Winter Park, Florida  
March 11, 2020

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL  
PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE AND STATE OF FLORIDA CHAPTER 10.650, RULES  
OF THE AUDITOR GENERAL**

To the Board of Directors of  
Early Learning Coalition of North Florida, Inc.  
St. Augustine, Florida

**Report on Compliance for Each Major Federal Program and State Project**

We have audited Early Learning Coalition of North Florida, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement*, and the requirements described in the *Department of Financial Services' State Projects Compliance Supplement*, and special audit guidance provided by the Office of Early Learning that could have a direct and material effect on each of Early Learning Coalition of North Florida, Inc.'s major federal programs and state projects for the year ended June 30, 2019. Early Learning Coalition of North Florida, Inc.'s major federal programs and state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of Early Learning Coalition of North Florida, Inc.'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*, and special audit guidance provided by the Office of Early Learning. Those standards and 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 or state project occurred. An audit includes examining, on a test basis, evidence about Early Learning Coalition of North Florida, Inc.'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 Early Learning Coalition of North Florida, Inc.'s compliance.

**Opinion on Each Major Federal Program and State Project**

In our opinion, Early Learning Coalition of North Florida, Inc. 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 project for the year ended June 30, 2019.

**Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with Uniform Guidance and Chapter 10.650, *Rules of the Auditor General* which are described in the accompanying schedule of findings and questioned costs as items 2019-001 and 2019-002. Our opinion on each major federal program and state project is not modified with respect to these matters.

The Coalition's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Coalition's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### Report on Internal Control Over Compliance

Management of Early Learning Coalition of North Florida, Inc. 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 Early Learning Coalition of North Florida, Inc.'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 an 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 Early Learning Coalition of North Florida, Inc.'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 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 or state project will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program or state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the 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.

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.

Winter Park, Florida  
March 11, 2020

Early Learning Coalition of North Florida, Inc.  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**

June 30, 2019

**Section I – Summary of Auditors' Results**

Financial Statements

- |   |               |
|---|---------------|
| 1. Type of auditors' report issued:   | Unmodified    |
| 2. Internal control over financial reporting:   |               |
| a. Material weakness(es) identified?  | No            |
| b. Significant deficiencies identified that are not considered to be material weaknesses? | None Reported |
| 3. Noncompliance material to financial statements noted?                                  | No            |

Federal Awards

- |   |               |
|---|---------------|
| 1. Type of auditors' report issued on compliance for major programs:                              | Unmodified    |
| 2. Internal control over major programs:  |               |
| a. Material weakness(es) identified?  | No            |
| b. Significant deficiencies identified that are not considered to be material weaknesses?         | None Reported |
| 3. Audit findings disclosed that are required to be reported in accordance with Uniform Guidance? | Yes           |
| 4. Dollar threshold used to distinguish between Type A and Type B programs                        | \$750,000     |
| 5. Auditee qualified as low-risk auditee?   | Yes           |

Identifications of major programs:

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

**Early Learning Coalition of North Florida, Inc.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**

June 30, 2019

**Section I – Summary of Auditors' Results (continued)**

State Financial Assistance

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

Identification of major projects:

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

**Section II – Financial Statement Findings**

None (there are no items related to Federal Awards and State financial assistance required to be reported in the management letter, therefore no management letter issued)

Early Learning Coalition of North Florida, Inc.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

June 30, 2019

**Section III – Federal Award and State Projects Findings and Questioned Costs**

**Findings and Questioned Costs – Major Federal Programs**

**2019-001 – Statewide Reporting System Failure**

Federal Programs: CFDA 93.575/93.596, 93.558 and 93.667

**Criteria:** In accordance with s. 1002.82(2)(n), F.S. and 1002.53(4)(a), F.S.: the Coalition shall ensure that its financial records for provider payments are reconciled to the Statewide Information System on a monthly basis.

**Condition:** During our audit, we found that the Coalition was not able to reconcile its School Readiness monthly financial records for provider payments to the Statewide Information System (EFS Mod) on a monthly basis.

**Cause:** The OEL transitioned from the prior statewide reporting system (EFS Legacy) to the EFS Mod system effective July 1, 2018. The Legacy system was no longer supported and the EFS Mod system was not fully functional until after the end of the fiscal year.

**Effect:** The Coalition's sub-recipient immediately implemented a contingency operation in lieu of the EFS Mod system, by calculating the amounts to be paid to the providers monthly, based on attendance, bill codes and parent reimbursement amounts. The actual amounts paid were not reconciled to the EFS Mod system until after the end of the fiscal year, due to the lack of accuracy of the EFS Mod system during the fiscal year.

**Recommendation:** The Coalition's sub-recipient continues its internal accounting process to calculate the amounts earned by each provider and the Coalition reconcile with the EFS Mod system identifying and correcting differences on a monthly basis.

**Management's Response:** See Management's Corrective Action Plan on page 23.

Early Learning Coalition of North Florida, Inc.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

June 30, 2019

**Section III – Federal Award and State Projects Findings and Questioned Costs (continued)**

**Findings and Questioned Costs – Major State Projects**

**2019-002 – Statewide Reporting System Failure**

State Projects: CSFA: 48.108

**Criteria:** In accordance with s. 1002.82(2)(n), F.S. and 1002.53(4)(a), F.S.: the Coalition shall ensure that its financial records for provider payments are reconciled to the Statewide Information System on a monthly basis.

**Condition:** During our audit, we found that the Coalition was not able to reconcile its monthly financial records for Voluntary Pre-Kindergarten provider payments to the Statewide Information System (EFS Mod) on a monthly basis.

**Cause:** The OEL transitioned from the prior statewide reporting system (EFS Legacy) to the EFS Mod system effective July 1, 2018. The Legacy system was no longer supported and the EFS Mod system was not fully functional until the end of the fiscal year.

**Effect:** The Coalition's sub-recipient immediately implemented a contingency operation in lieu of the EFS Mod system, by calculating the amounts to be paid to the providers monthly, based on attendance and bill codes. The actual amounts paid were not reconciled to the EFS Mod system until the end of the fiscal year, due to the lack of accuracy of the EFS Mod system during the fiscal year.

**Recommendation:** The Coalition's sub-recipient continues its internal accounting process to calculate the amounts earned by each provider and the Coalition reconcile with the EFS Mod system identifying and correcting differences on a monthly basis.

**Management's Response:** See Management's Corrective Action Plan on page 23.

**Section IV – Status of Prior Year Audit Findings**

There were no prior year audit findings.

## Early Learning Coalition of North Florida, Inc.

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

## FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

June 30, 2019

**Section V – Enhanced Fields System Modernization (EFS Mod) monthly reconciliation**

- |   |     |           |
|---|-----|-----------|
| 1. EFS Mod reconciled monthly   | No, | See below |
| 2. Processes in place to identify and correct errors during monthly reconciliations to EFS Mod                    | No, | See below |
| 3. Organization's financial records reconcile and agree to EFS Mod records as of program year ended June 30, 2019 | No, | See below |
| 4. Audit work papers documenting verification of reconciliations available to OEL staff                           | No, | See below |

The Office of Early Learning ("OEL") has experienced difficulties in the implementation and functionality of its client and data management system, specifically data migration and the Voluntary Pre-Kindergarten (VPK) and School Readiness attendance modules. The absence of EFS Mod system functionality for all twelve months of 2018-19 prevented the Coalition from complying with monthly reconciliation requirements as instructed in OEL's grant agreement. The impact on the Coalition is limited to the overpayment and/or underpayments of child care providers ("providers") and EFS Mod-related issues did not impact the scope of the 2018-19 OEL's on-site financial monitoring processes or the related fiscal operations for the Coalition.

OEL communicated these issues to the Coalition for the 2018-19 fiscal year audit. OEL is continuing to work on ways to assist in fully reconciling provider payments, with an emphasis on provider underpayments during the 2018-19 fiscal year, and the development of procedures and tools to assist the Coalition with repayment plans for provider overpayments. In addition, OEL is seeking approval from the School Readiness program granting agency, the U.S. Department of Health and Human Services, for a waiver of provider overpayments under a proposed small dollar threshold. OEL will continue to provide on-going support and assistance to the Coalition and work to minimize any disruptions to the 2019-20 program services or operations.

The Coalition's sub-recipient applied significant additional resources to develop an internal accounting process to calculate the amount of funds earned by each provider for the School Readiness funds for the fiscal year ended June 30, 2019. The Coalition's amount earned and paid to the providers for the year ended June 30, 2019 was not reconciled to EFS Mod on a monthly basis during the year ended June 30, 2019 due to the facts noted above. The approximate initial \$95,000 unreconciled amount was resolved and corrected on the December 19, 2019 invoice to OEL. The Coalition is continuing to work with OEL on improving the EFS Mod System for School Readiness. See Findings and Questioned Costs in Section III above.

During May 2019, the EFS Mod System functionality for VPK was completed by OEL. Accordingly, the Coalition did not complete the monthly reconciliations necessary for the VPK payments until the end of the fiscal year. See Findings and Questioned Costs in Section III above.



Early Learning Coalition of North Florida, Inc.

DRAFT  
03/02/2020

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

Year ended June 30, 2019

Grantor/Program Title	CFDA CSFA	Award Number	Expenditures	Transfer to Sub-recipient
Federal Awards:				
<b>U.S. Department of Health and Human Services</b>				
<i>Passed through State of Florida's Office of Early Learning for School Readiness</i>				
Child Care and Development Block Grant	93.575	EL439	\$ 5,110,463	\$ 4,844,422
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	EL439	6,319,802	5,990,805
Total Child Care Cluster			11,430,265	10,835,227
Temporary Assistance for Needy Families	93.558	EL439	5,200,422	4,929,698
Social Services Block Grant	93.667	EL439	11,841	11,225
Total Expenditures of Federal Awards			<u>\$ 16,642,528</u>	<u>\$ 15,776,150</u>
State Financial Assistance:				
<b>State of Florida Department of Education</b>				
<i>Passed through State of Florida's Office of Early Learning</i>				
Voluntary Pre-Kindergarten	48.108	OA439	14,105,729	14,055,230
			<u>\$ 14,105,729</u>	<u>\$ 14,055,230</u>

**Basis of Presentation**

The accompanying schedule of expenditures of federal awards and state financial assistance is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, State of Florida Chapter 10.650, Rules of Auditor General, and the Florida Department of Fiscal Service's State Projects Compliance Supplement. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**Indirect Cost Rate**

The Coalition has elected to not use the 10% de minimis indirect cost rate for its federal programs and state projects for the year ended June 30, 2019. The indirect cost rates used on the Coalition's federal programs and state projects are determined by the relevant federal or state agency.

See independent auditors' report.

## MANAGEMENT'S CORRECTIVE ACTION PLAN

**Finding Number:** 2019-001

### **Responsible Official's Response and Corrective Action Plan**

Responsibility for these findings lies entirely with the State of Florida's Office of Early Learning (OEL), not the Coalition. In July 2018, OEL deployed a flawed new version of the Single Statewide Information System (EFS Mod) that lacked critical functionality needed to comply with OEL and the State of Florida's own requirements for monthly provider payment processing. The Coalition was prevented from carrying out the necessary reconciliations because this functionality was not available in the OEL system for all twelve months of the fiscal year. OEL's statement of responsibility is included below.

*Development/Deployment of EFS Mod. In July 2018, OEL launched SR eligibility and enrollment features and migrated the data from the 35 EFS Legacy databases into EFS Mod. Unfortunately, the data migration resulted in SR data mismatches. OEL decided the best course of action was to work with coalitions to correct the data errors over the next few months. However, these efforts still continue.*

*Payments to Providers. The absence of EFS Mod system functionality for all twelve months of FY2018-19 prevented the Early Learning Coalitions (ELCs) and Redlands Christian Migrant Association (RCMA) from complying with monthly reconciliation requirements as instructed in OEL's grant agreements. Given the issues related to the data migration, OEL instructed coalitions and RCMA in July 2018 to pay providers based on estimated attendance. These instructions included a plan to "true-up" (i.e., reconcile) any FY2018-19 estimates used with the actual attendance data once records migrated to EFS Mod were corrected and the system's attendance functionality feature was operational. However, system functionality challenges remain and corrections are ongoing for the data and records in EFS Mod.*

*Conclusion. All ELCs and RCMA were impacted by the issues described here for EFS Mod in FY2018-19. These system-wide issues are to be considered state agency-level errors and as a result, OEL understands and asserts –*

- The amounts presented are based on best available data from OEL records and/or self-reported estimates from the entity as of 1/31/2020.*
- The variances noted are a consequence of the ongoing (but incomplete) efforts of OEL to obtain data accuracy and system functionality for EFS Mod for FY2018-19.*
- Future efforts to address EFS Mod data corrections and system upgrades may identify and/or result in additional variance for this entity.*

**Anticipated Completion Date:** On-going

**Responsible Contact Person:** Dawn Bell, Chief Executive Officer

**Finding Number:** 2019-002

**Planned Corrective Action:** See Finding 2019-001 listed above. The planned corrective action for this finding is the same.

**Anticipated Completion Date:** Same as Finding 2019-001.

**Responsible Contact Person:** Dawn Bell, Chief Executive Officer

Signature: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

## MANAGEMENT LETTER

To the Board of Directors of  
Early Learning Coalition of North Florida, Inc.  
St. Augustine, Florida

### Report on the Financial Statements

We have audited the financial statements of the Early Learning Coalition of North Florida, Inc., as of and for the fiscal year ended June 30, 2019, and have issued our report thereon dated March 11, 2020.

### Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained *Government Auditing Standards*, issued by the Comptroller General of the United States; 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.

### Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditors' Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated March 11, 2020, should be considered in conjunction with this management letter.

### Additional Matters

Section 10.654(1)(e), Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements or State project amounts that is less than material but warrants the attention of those charged with governance. In connection with our audit, we disclosed grant agreement noncompliance findings which are disclosed in Section III of the Schedule of Findings and Questioned Costs.

### Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Board of Directors, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Winter Park, Florida  
March 11, 2020

ADDENDUM #1 TO 2019-20 GRANT AGREEMENT  
BETWEEN THE OFFICE OF EARLY LEARNING AND THE  
EARLY LEARNING COALITION OF NORTH FLORIDA

WHEREAS, the Florida Department of Education, Office of Early Learning, hereinafter referred to as the "Office" or "OEL", and the Early Learning Coalition of North Florida, hereinafter referred to as the "ELC" (each individually a "Party" and collectively the "Parties"), entered into a grant agreement (hereinafter referred to as "Agreement") for the 2019-2020 fiscal year for the Coalition to administer and implement a local comprehensive program of School Readiness (SR) and Voluntary Prekindergarten (VPK) Program; and

WHEREAS, the parties utilize a Single Statewide Information System's Coalition Services Portal to process provider accounts, attendance reporting and payments in the manner directed by Office and for the reconciliation of local SR Program data; and

WHEREAS, Agreement Exhibit 1, Section JJ of the Agreement states "Agreement provision modifications shall only be valid when they are in writing and all parties have duly signed and dated them;" and

WHEREAS, Chapter 2019-115, Line 86 Laws of Florida provides funds for the ELC to administer local SR Programs; and

WHEREAS, the Parties wish to amend the Agreement to incorporate this Addendum as set forth herein;  
NOW THEREFORE, the parties agree to the following:

- The ELC acknowledges receipt of the following documents from OEL and understands these disclosures should be used in the entity's year-end closeout and reconciliation tasks.
  - 2018-19 Revenue Confirmation for SR, Child Care Executive Partnership, Voluntary Prekindergarten, Outreach/Awareness and Monitoring Initiative and Performance Funding Program activities.
  - 2018-19 Supplemental Data Form including the ELC's self-reported FY2018-19 results for the temporary SR/VPK OCA codes SRRCN and/or VPRCN.
- The ELC has identified and will pay all SR Provider underpayments for FY2018-19 by June 30, 2020.
- The ELC has completed or will complete provider reconciliation and provide notice to OEL by June 30, 2020. The reconciliation process shall be verified by:
  - X 100-percent of provider payments and records; or
  - \_\_\_ A sample of provider payments equating to \_\_\_-percent of the ELCs total number of SR providers.
- The ELC will continue to conduct its routine quality assurance activities related to:
  - Eligibility validation
  - Child Attendance Records validation
  - Child Care Providers Payment validation
- The ELC agrees to use the Cherwell Overpayment Tracking Tool for reporting overpayment data.
- The ELC has completed the SR record corrections in EFS Mod or will complete by June 30, 2020 and notify the OEL of their completion. This is dependent upon OEL's successful deployment of data fixes necessary for attendance and payment reconciliation for 2018-19.

Except as expressly provided herein, all other terms and conditions not affected by this Addendum shall remain in full force and effect. If there is conflict between this Addendum and the grant agreement, the terms of this Addendum shall control.

IN WITNESS HEREOF, by signature below, both Parties agree to abide by the terms, conditions, and provisions of the original Agreement document and this Addendum that is hereby effective on the date the last party signs this Addendum.

<b>Office of Early Learning</b>	<b>ELC of: North Florida</b>
SIGNED:	SIGNED:
NAME OF AUTHORIZED REPRESENTATIVE	NAME OF AUTHORIZED REPRESENTATIVE
TITLE OF AUTHORIZED REPRESENTATIVE <b>Executive Director</b>	TITLE OF AUTHORIZED REPRESENTATIVE
DATE:	DATE:
Approved as to form and legal sufficiency, subject only to full and proper execution by the parties.	
SIGNED:	
Printed Name: Maggi O'Sullivan Parker	
Title: General Counsel	
Date:	



February 28, 2020

**MEMORANDUM**

**TO:** Early Learning Coalition Executive Directors

**CC:** Early Learning Coalition Finance Directors, EFS Mod Coalition Contacts

**FROM:** Shan Goff, Executive Director, Office of Early Learning *SG*

**SUBJECT:** EFS Mod and 2018-19 School Readiness Reconciliation Guidance – 2020-04

---

The purpose of this document is to provide an update on:

- EFS Mod Risk Assessment by Ernst & Young.
- EFS Mod work.
- Guidance for the reconciliation process, including provider repayments and clarification on application of quality performance incentive (QPI) differential to school-age children.

EFS Mod Risk Assessment

Thank you for your participation in the ThinkTank (with over 30 participants) and Poll Everywhere (with over 65 participants) activities that were conducted during the past few weeks. As you know, this risk assessment and the related activities are a large effort to understand and strategically address EFS Mod issues. Again, your participation and feedback are appreciated.

Data Fix 2

As mentioned previously, Data Fix 2 corrects errors in payment rates, such as the doubling of rates. Moving this Data Fix through to production will greatly assist with the reconciliation process. The EFS Prod Support Team members will continue to work with you to resolve any issues or questions. To date, only 13 have moved to production.

Release 4.2

As mentioned during the ED Call last week, we are working with a team to develop standardized training/materials for the line item adjustment feature. We will keep you posted on our progress.

Release 4.3

This release includes child assessment and registration fee payments features and processes, as well as enhancements to other reimbursement processes. UAT testing is expected to begin in early March. One important note is that the deployment of this release impacts your ability to pay providers for the child assessment differential. Participation in UAT testing for Release 4.3 is again, strongly encouraged.

2018-19 SR Provider Reconciliation Process

Last week, we reinitiated our "coalition calls" on provider reconciliation with the goal of finalizing an amendment to your coalition's 2019-20 grant agreement (attached). During these calls, we will determine each coalition's status related to:

SHAN GOFF

EXECUTIVE DIRECTOR, OFFICE OF EARLY LEARNING

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1. Narrative description of coalition's reconciliation process, including the percent of SR providers to be reviewed and whether an OEL-approved sampling methodology will be utilized.
2. Payments to underpaid providers.
3. Tracking of overpayments in Cherwell and submission of repayments to OEL.
4. 2018-19 EFS Mod Data Fixes and agreed to date for all corrections.

Please note, we have created a 2018-19 SR Reconciliation folder on the [Coalition Zone](#) to store the relevant documentation. In order to finalize your amendment, all the supporting documentation for reconciliation must be uploaded into this folder.

#### 2018-19 Provider Repayments

On February 14<sup>th</sup>, you were notified via email of the posting of available provider repayment template files – see [EFS Mod Project Guidance and Training Files - 2018-19 Provider Repayments - templates](#). These include:

- Reconciliation of payments checklist
- Provider repayments calculation report (Excel)
- Repayment Letter templates
  - Overpayment notice sample – below materiality threshold
  - Overpayment notice sample
  - Repayment due to closure
  - Repayment plan
- Provider overpayment plans/delinquent account notices
- First demand letter sample
- Final demand letter sample

Last week, we were notified of HHS' approval of our CCDF Plan amendment for a \$1,500 materiality threshold, per provider per location, for SR providers who were overpaid in 2018-19 due to a state agency error. We are creating a new OCA to track these costs and will provide you with more specific information, including how to submit invoices and supporting documentation.

#### QPI Differential

Consistent with the provisions of Rule 6M-4.500, F.A.C., the QPI Differential will be applied to each care level and unit of care, including school-age children.

Please let us know if you have any questions.

SGG

Attachments



Updated: 02/27/20 @ 6:18 PM