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

Financial Statements

Year ended June 30, 2018

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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 Jun 30, 2018, and the related statements of activities and changes in net assets (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, 2018, and the changes in its net assets (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 20, 2019, 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 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'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 13, 2019

Early Learning Coalition of North Florida, Inc.

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STATEMENT OF FINANCIAL POSITION

June 30, 2018

ASSETS

Cash and cash equivalents	\$ 447,414
Accounts receivable	1,366,595
Prepaid expenses	<u>854</u>
Total assets	<u>\$ 1,814,863</u>

LIABILITIES AND NET ASSETS (DEFICIT)

Liabilities	
Accounts payable	\$ 1,206
Accrued expenses	25,408
Due to related parties	<u>2,017,223</u>
Total liabilities	2,043,837
Net assets (deficit)	
Unrestricted	<u>(228,974)</u>
Total liabilities and net assets (deficit)	<u>\$ 1,814,863</u>

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

Early Learning Coalition of North Florida, Inc.

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STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS (DEFICIT) 3/5/19

Year ended June 30, 2018

REVENUES

Government grants:	
School Readiness	\$ 15,957,308
Voluntary Pre-Kindergarten	13,319,781
Local government match	188,516
Other income	<u>37,221</u>
Total revenues	<u>29,502,826</u>

EXPENSES

Program services:	
School Readiness	15,958,533
Voluntary Pre-Kindergarten	<u>13,386,413</u>
Total program services	29,344,946
Supporting services:	
Management and general	<u>182,458</u>
Total expenses	<u>29,527,404</u>
Change in net assets	(24,578)
Net assets (deficit), beginning of year	<u>(204,396)</u>
Net assets (deficit), end of year	<u>\$ (228,974)</u>

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

Early Learning Coalition of North Florida, Inc.

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STATEMENT OF FUNCTIONAL EXPENSES

Year ended June 30, 2018

	Functional Category			Total
	School Readiness	Voluntary Pre-Kindergarten	Management and General	
Pass-through payments to sub-recipients	\$ 15,191,512	\$ 13,353,623	\$ -	\$ 28,545,135
Salaries and benefits	518,631	26,507	-	545,138
Match	-	-	176,718	176,718
Professional fees	82,639	2,367	20	85,026
Travel and conferences	71,101	1,738	3,698	76,537
Rent expense	44,103	209	-	44,312
Office expenses	35,520	1,075	522	37,117
Membership subscriptions	14,040	863	1,500	16,403
Postage and printing	987	31	-	1,018
Total expenses	<u>\$ 15,958,533</u>	<u>\$ 13,386,413</u>	<u>\$ 182,458</u>	<u>\$ 29,527,404</u>

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

Early Learning Coalition of North Florida, Inc.

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STATEMENT OF CASH FLOWS

Year ended June 30, 2018

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (24,578)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Change in:	
Accounts receivable	476,155
Prepaid expenses	3,706
Accounts payable	(56,845)
Accrued expenses	6,620
Due to related parties	<u>(25,817)</u>
Net cash provided by operating activities	379,241
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>68,173</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 447,414</u>

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

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 have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and include all funds and activities over which the Board of Directors of the Coalition has oversight and financial responsibility.

The Coalition reports information regarding its financial position and activities according to three classes of net assets. A description of the three net asset categories follows:

Unrestricted – Net assets not subject to donor-imposed stipulations.

Temporarily Restricted – Net assets subject to donor-imposed stipulations that may or will be met by actions of the Coalition and/or passage of time.

Permanently Restricted – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Coalition.

3. Revenue recognition

Revenues from financial assistance programs are reported as increases in unrestricted net assets in the period in which the support is earned and related restrictions satisfied. Revenues are earned as allowable costs are incurred.

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 statements 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. 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, 2016 through June 30, 2018.

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.

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

8. Property and equipment (continued)

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 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, 2019. Early adoption is permitted. The Coalition is evaluating the potential effects ASU 2016-02 will have on its financial statements.

In August 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which is designed to help not-for-profits tell their stories through their financial statements. Not-for-profit financial statements have been prepared under the FASB's current guidance since 1993. The new standard changes presentation and disclosure requirements with the intention of helping not-for-profits provide more relevant information about their resources—and the changes in those resources—to donors, grantors, creditors, and other financial statement users. Specifically, ASU 2016-14 decreases the number of net asset classes from three to two, requires disclosure of qualitative information on liquid resources and liquidity risks for meeting cash needs for general expenses within one year, requires reporting and analysis of expenses by function and nature, and enhances reporting and disclosures about underwater endowments. The new net asset classes will be *net assets with donor restrictions* and *net assets without donor restrictions*. The standard will take effect for annual financial statements issued for fiscal years beginning after December 15, 2017, and early application of the standard is permitted. The Coalition is currently assessing the impact the new standard will have on its financial statements.

The FASB recently issued new accounting pronouncements on revenue recognition, which is effective beginning in 2018. Early adoption is permitted. The Coalition is evaluating the impact of the new pronouncement 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 13, 2019.

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

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.

NOTE C - PROPERTY AND EQUIPMENT

Property and equipment and accumulated depreciation at June 30, 2018 is summarized as follows:

Furniture and fixtures	\$ 8,549
Less: accumulated depreciation	<u>(8,549)</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, 2018 were \$28,545,135 and accounts payable to them at June 30, 2018 were \$2,017,223.

Early Learning Coalition of North Florida, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

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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 \$19,470 for retirement benefits to the plan for the year ended June 30, 2018. Employees are immediately vested in their contributions and the matching contributions.

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, 2018, 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 2017-2018 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 and state expenditures included in the statement of activities and changes in net assets (deficit) is as follows:

Federal expenditures – schedule of federal awards	\$ 15,654,223
Expenditures / reimbursements from 2016-2017 grant award to be recognized in the 2017-2018 financial statements	141,555
Expenditures / reimbursements from 2017-2018 grant award to be recognized in the 2018-2019 financial statements	45,050
Expenditures / reimbursements from the State of Florida General Revenue Fund recognized in School Readiness services	<u>116,480</u>
Total federal expenditures statement of activities and changes in net assets (deficit)	<u>\$ 15,957,308</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. The future minimum lease payments as of June 30, 2018 are as follows: June 30, 2019 - \$25,410. Rent expense for the year ended June 30, 2018 totaled \$40,204.

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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, 2018, and the related statements of activities and changes in net assets (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 13, 2019.

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 13, 2019

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, 2018. 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 federal 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, 2018.

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.

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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 13, 2019

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

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June 30, 2018

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? | N/A |
| 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

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June 30, 2018

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> ? | No |
| 4. Dollar threshold used to distinguish between Type A and Type B projects | \$399,593 |

Identification of major projects:

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

Section II – Enhanced Fields System (EFS) monthly reconciliation

- | | |
|--|-----|
| 1. EFS reconciled monthly | Yes |
| 2. Processes in place to identify and correct errors during monthly reconciliations to EFS | Yes |
| 3. Coalition's financial records reconcile and agree to EFS records as of program year ended June 30, 2018 | Yes |
| 4. Audit work papers documenting verification of reconciliations available to OEL staff | Yes |

Section III – Financial Statement Findings Section

None (no corrective action plan or management letter required)

Section IV – Findings and Questioned Costs – Federal Award and State Programs

None (no corrective action plan or management letter required)

Section V – Status of Prior Year Audit Findings

There were no prior year audit findings

Early Learning Coalition of North Florida, Inc.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

Year ended June 30, 2018

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Grantor/Program Title	CFDA CSFA	Award Number	Expenditures	Transfer to Sub-recipient
Federal Awards:				
U.S. Department of Health and Human Services				
<i>Passed through State of Florida's Office of Early Learning for School Readiness</i>				
Child Care and Development Block Grant	93.575	SR 438	\$ 11,034,909	\$ 10,708,737
Performance Funding Project	93.575	PP438	87,361	87,361
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	SR 438	<u>3,728,450</u>	<u>3,615,661</u>
Total Child Care Cluster			14,850,720	14,411,759
Temporary Assistance for Needy Families	93.558	SR 438	787,418	764,143
Social Services Block Grant	93.667	SR 438	<u>16,085</u>	<u>15,610</u>
Total Expenditures of Federal Awards			<u>\$ 15,654,223</u>	<u>\$ 15,191,512</u>
State Financial Assistance:				
State of Florida Department of Education				
<i>Passed through State of Florida's Office of Early Learning</i>				
Voluntary Pre-Kindergarten	48.108	SV 438	13,319,781	13,353,623
GR Unrestricted	-	2017-18 SGU	<u>116,480</u>	<u>-</u>
			<u>\$ 13,436,261</u>	<u>\$ 13,353,623</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, 2018. 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.