

**EARLY LEARNING COALITION OF
ALACHUA COUNTY, INC.**

FINANCIAL STATEMENTS

For the Year Ended June 30, 2023
(With Summarized Financial Information for
the Year Ended June 30, 2022)

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**EARLY LEARNING COALITION OF
ALACHUA COUNTY, INC.**

BOARD MEMBERS

June 30, 2023

| | |
|----------------------------|------------------------------|
| Dr. Karen Bennett | Member |
| Patrick Bizub | Member |
| Brenda Brown | Member |
| Reverend George Dix | Member |
| Laura Gillman, CPA | Member |
| Donna Jones | Member |
| Marsha Kiner | Member |
| Carolyn Komanski | Member |
| Phyllis Marty | Member |
| Candi Morris | Member |
| Dr. Patricia Snyder | Member |
| Autumn Tomas | Member |
| Cheryl Twombly | Member |
| Michael Williams | Treasurer, Member |
| Jackie Hodges/Tammy Prince | Chief Executive Director |
| Kelli Williams | Chief Administrative Officer |
| Steven Harris | Director of Finance |

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**EARLY LEARNING COALITION OF
ALACHUA COUNTY, INC.**

FINANCIAL STATEMENTS

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(With Summarized Financial Information for the Year
Ended June 30, 2022)

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FINANCIAL SECTION

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CERTIFIED PUBLIC ACCOUNTANT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Early Learning Coalition of Alachua County, Inc.
Gainesville, Florida

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

I conducted my 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. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. I am required to be independent of the Early Learning Coalition of Alachua County, Inc., and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the Early Learning Coalition of Alachua County, Inc, adopted Accounting Standards Update (ASU) 2016-02 as amended, Leases (Topic 842). My opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Early Learning Coalition of Alachua County, Inc.'s, ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Early Learning Coalition of Alachua County, Inc.'s, internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Early Learning Coalition of Alachua County, Inc.'s, ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that I identified during the audit.

Supplementary Information

My 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, 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 Chapter 10.650 *Rules of the Auditor General* is presented for

purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Report on Summarized Comparative Information

I was previously engaged to audit the Early Learning Coalition of Alachua County, Inc.'s 2022 financial statements, and I expressed an unmodified audit opinion on those financial statements in my report dated January 20, 2023. In my opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated February 2, 2024, on my consideration of the Early Learning Coalition of Alachua County, Inc.'s, internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Early Learning Coalition of Alachua County, 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 the Early Learning Coalition of Alachua County, Inc.'s, internal control over financial reporting and compliance.



Kenneth M. Daniels
Certified Public Accountant
February 2, 2024

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FINANCIAL STATEMENTS

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EARLY LEARNING COALITION OF ALACHUA COUNTY, INC.

STATEMENT OF FINANCIAL POSITION

June 30, 2023

(With Summarized Financial Information as of June 30, 2022)

Assets

| | <u>2023</u> | <u>2022</u> |
|--------------------------------------|---------------------|---------------------|
| Current assets | | |
| Cash | \$ 2,760,253 | \$ 2,217,130 |
| Receivables | | |
| Due from others | 118,522 | 16,422 |
| Due from providers | 106,381 | 124,838 |
| Due from other local governments | 20,106 | 20,102 |
| Due from State of Florida | 191,783 | 177,498 |
| Prepaid expenses | <u>20,374</u> | <u>18,538</u> |
| Total current assets | <u>3,217,419</u> | <u>2,574,528</u> |
| Fixed assets | | |
| Leasehold improvements | 28,126 | 28,126 |
| Computer equipment | 93,813 | 93,813 |
| Office equipment and furniture | <u>60,585</u> | <u>60,585</u> |
| Total depreciable assets | 182,524 | 182,524 |
| Accumulated depreciation | <u>(182,514)</u> | <u>(182,205)</u> |
| Net fixed assets | <u>10</u> | <u>319</u> |
| Right of use asset - operating lease | <u>419,931</u> | <u>-</u> |
| Other assets | | |
| Utility deposit | <u>8,291</u> | <u>8,291</u> |
| Total assets | <u>\$ 3,645,651</u> | <u>\$ 2,583,138</u> |
| Liabilities and Net Assets | | |
| Current liabilities | | |
| Accounts payable | \$ 1,915,136 | \$ 1,096,508 |
| Accrued wages, taxes and withholding | 84,427 | 95,608 |
| Due to State of Florida | 831,328 | 1,201,230 |
| Current portion of operating lease | <u>115,521</u> | <u>-</u> |
| Total current liabilities | <u>2,946,412</u> | <u>2,393,346</u> |
| Long-term liabilities | | |
| Operating lease | <u>304,410</u> | <u>-</u> |
| Net assets | | |
| Without donor restrictions | 340,463 | 138,744 |
| With donor restrictions | <u>54,366</u> | <u>51,048</u> |
| Total net assets | <u>394,829</u> | <u>189,792</u> |
| Total liabilities and net assets | <u>\$ 3,645,651</u> | <u>\$ 2,583,138</u> |

See notes to financial statements.

EARLY LEARNING COALITION OF ALACHUA COUNTY, INC.

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2023

(With Summarized Financial Information for the Year Ended June 30, 2022)

| | Without Donor <u>Restrictions</u> | With Donor <u>Restrictions</u> | <u>2023</u> | <u>2022</u> |
|---|--------------------------------------|-----------------------------------|-------------------|-------------------|
| Revenues, Gains, and Other Support | | | | |
| Federal grants | \$ 26,676,354 | \$ - | \$ 26,676,354 | \$ 17,950,639 |
| State grants | 4,012,939 | - | 4,012,939 | 3,269,475 |
| Other contractual | 169,829 | - | 169,829 | 202,617 |
| Contributions | 27,611 | 76,052 | 103,663 | 110,198 |
| Interest | <u>607</u> | <u>-</u> | <u>607</u> | <u>25</u> |
| Total revenues, gains, and other support | <u>30,887,340</u> | <u>76,052</u> | <u>30,963,392</u> | <u>21,532,954</u> |
| Expenses | | | | |
| Program Services | | | | |
| Childcare services | 9,665,810 | - | 9,665,810 | 11,639,368 |
| Quality services | 2,113,269 | - | 2,113,269 | 972,676 |
| CRRSA Funding | 3,062 | - | 3,062 | 3,369,286 |
| ARPA | 13,813,230 | - | 13,813,230 | 1,609,047 |
| VPK | <u>4,455,194</u> | <u>-</u> | <u>4,455,194</u> | <u>3,199,380</u> |
| Total program services | <u>30,050,565</u> | <u>-</u> | <u>30,050,565</u> | <u>20,789,757</u> |
| Supporting Services | | | | |
| Management and general | <u>707,790</u> | <u>-</u> | <u>707,790</u> | <u>690,319</u> |
| Total expenses | 30,758,355 | - | 30,758,355 | 21,480,076 |
| Change in net assets before reclassification | 128,985 | 76,052 | 205,037 | 52,878 |
| Reclassifications - net assets released from restrictions | | | | |
| Provision of child care | <u>72,734</u> | <u>(72,734)</u> | <u>-</u> | <u>-</u> |
| Change in net assets | 201,719 | 3,318 | 205,037 | 52,878 |
| Net assets at beginning of year | <u>138,744</u> | <u>51,048</u> | <u>189,792</u> | <u>136,914</u> |
| Net assets at end of year | <u>\$ 340,463</u> | <u>\$ 54,366</u> | <u>\$ 394,829</u> | <u>\$ 189,792</u> |

EARLY LEARNING COALITION OF ALACHUA COUNTY, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2023

(With Summarized Financial Information for the Year Ended June 30, 2022)

| Expenses | Program Services | | | | | Management and General | Totals | |
|---------------------------------|-----------------------|---------------------|-------|------|-----------|---------------------------|--------------|--------------|
| | Childcare Services | Quality Services | CRRSA | ARPA | VPK | | 2023 | 2022 |
| Salaries | \$ 507,734 | \$ 366,177 | \$ 55 | \$ - | \$ 26,358 | \$ 410,020 | \$ 1,310,343 | \$ 1,179,995 |
| Payroll taxes | 37,951 | 26,812 | 4 | - | 1,861 | 28,049 | 94,677 | 93,479 |
| Reemployment tax | 996 | 880 | - | - | 35 | 307 | 2,218 | 4,152 |
| Health (health, dental, vision) | 87,091 | 61,958 | 24 | - | 3,971 | 47,498 | 200,542 | 187,729 |
| Life/disability insurance | 6,483 | 4,667 | 2 | - | 302 | 3,394 | 14,847 | 14,602 |
| Retirement benefits | 22,156 | 13,381 | 3 | - | 1,118 | 21,216 | 57,874 | 54,338 |
| Workers' compensation | 3,492 | 2,254 | 1 | - | 143 | 1,530 | 7,420 | 3,403 |
| Professional services - payroll | - | - | - | - | - | - | - | 1,485 |
| Temporary staff | 23,775 | 5,453 | - | - | 2 | 1,064 | 30,294 | 12,899 |
| Consumer Ed/outreach materials | - | 37,055 | - | - | - | 715 | 37,770 | 23,783 |
| Employee processing | 5,017 | 3,040 | 1 | - | 93 | 15,793 | 23,945 | 26,361 |
| Bank fees | - | - | - | - | - | 250 | 250 | 250 |
| Taxes and fees | - | - | - | - | - | 173 | 173 | 270 |
| IT subcontractor | 10,072 | 1,796 | 3 | - | 1,645 | 10,652 | 24,168 | 49,464 |
| Non-IT subcontractor | 30,881 | 667 | 0 | - | 41 | 1,576 | 33,165 | 22,331 |
| Dues & subscriptions | - | 40 | 7 | - | - | 6,818 | 6,865 | 9,918 |
| Depreciation | - | - | - | - | - | 309 | 309 | 2,107 |
| Equipment IT < \$5000 | - | - | - | - | - | - | - | 5,185 |
| Equipment IT < \$1000 | 1,428 | 7,687 | - | - | 15 | 1,285 | 10,414 | 2,459 |
| Furniture | - | 1,434 | - | - | - | 649 | 2,083 | 9,816 |
| Furniture < \$5000 | - | - | - | - | - | - | - | 58 |
| IT Software, license, support | 5,612 | 14,306 | 0 | - | 76 | 22,728 | 42,723 | 15,058 |
| Web services | 289 | 148 | - | - | 9 | 154 | 600 | 695 |
| Equipment rental | 1,756 | 684 | 0 | - | 37 | 1,116 | 3,593 | 962 |
| Maintenance and repair | 366 | 188 | - | - | 10 | 174 | 738 | 1,919 |

(Continued)

See notes to financial statements.

EARLY LEARNING COALITION OF ALACHUA COUNTY, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2023
(With Summarized Financial Information for the Year Ended June 30, 2022)

| Expenses continued | Program Services | | | | | Management and General | Totals | |
|---------------------------------|-----------------------|---------------------|-----------------|----------------------|---------------------|---------------------------|----------------------|----------------------|
| | Childcare Services | Quality Services | CRRSA | ARPA | VPK | | 2023 | 2022 |
| Insurance | | | | | | | | |
| Auto | \$ 299 | \$ 195 | \$ - | \$ - | \$ 14 | \$ 141 | \$ 649 | 598 |
| General liability | 2,367 | 1,539 | 1 | - | 111 | 1,114 | 5,131 | 4,813 |
| Property | 739 | 477 | - | - | 35 | 349 | 1,600 | 1,393 |
| Other | 147 | 95 | - | - | 7 | 70 | 318 | 320 |
| D&O | 2,462 | 1,590 | 1 | - | 116 | 1,163 | 5,332 | 4,726 |
| Janitorial | 8,753 | 4,734 | 3 | - | 429 | 4,752 | 18,670 | 14,718 |
| Office supplies | 15,998 | 11,251 | 8 | - | 424 | 15,751 | 43,432 | 41,204 |
| Curriculum/provider enhancement | - | 45,989 | - | - | 48,018 | 18,920 | 112,927 | 138,931 |
| Materials/provider enhancement | 49 | 37,018 | 2,922 | 117,586 | 15 | 619 | 158,210 | 233,443 |
| Postage & delivery | - | 14 | - | - | - | 245 | 259 | 1,081 |
| Printing and reproduction | 233 | 788 | - | - | 204 | 32 | 1,258 | 3,124 |
| Professional services | | | | | | | | |
| Audit | - | - | - | - | - | 16,706 | 16,706 | 44,170 |
| Legal | - | - | 4 | - | - | 10,699 | 10,703 | 8,265 |
| Rent | - | - | - | - | - | 100 | 100 | 122,641 |
| Lease expense | 59,704 | 32,747 | 16 | - | 2,893 | 31,179 | 126,539 | - |
| Telephone and internet | 10,819 | 5,928 | 3 | - | 524 | 7,403 | 24,677 | - |
| Training materials & space | - | - | - | - | - | - | - | 24,161 |
| Stipends | - | 26,870 | - | 251,000 | 1,500 | - | 279,370 | 16,050 |
| Food | - | - | - | - | - | 2,330 | 2,330 | 1,542 |
| In-State travel | 3,129 | 1,897 | - | - | - | 3,197 | 8,223 | 7,468 |
| Registration fees | 645 | 1,190 | - | - | - | 1,085 | 2,920 | 4,480 |
| Out-of-state travel | - | 207 | - | - | - | - | 207 | - |
| Travel local | 242 | 3,822 | - | - | 196 | 17 | 4,277 | 5,585 |
| Utilities | 11,320 | 6,188 | 4 | - | 594 | 5,734 | 23,841 | 21,095 |
| Miscellaneous | - | - | - | - | - | 1,348 | 1,348 | 12,577 |
| Slots - provider payments | 8,731,073 | 1,382,105 | - | - | 4,364,396 | 9,368 | 14,486,941 | 14,084,884 |
| Other direct services | - | - | - | 13,444,644 | - | - | 13,444,644 | 4,960,088 |
| Direct service - match | 72,734 | - | - | - | - | - | 72,734 | - |
| Total expenses | \$ 9,665,810 | \$ 2,113,269 | \$ 3,062 | \$ 13,813,230 | \$ 4,455,194 | \$ 707,790 | \$ 30,758,355 | \$ 21,480,076 |

EARLY LEARNING COALITION OF ALACHUA COUNTY, INC.

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2023
(With Summarized Financial Information for the Year Ended June 30, 2022)

| | | |
|--|---------------------|---------------------|
| Cash flows from operating activities | <u>2023</u> | <u>2022</u> |
| Cash received from federal and state grants | \$ 30,675,009 | \$ 22,241,226 |
| Cash received from contractual services | 186,762 | 186,195 |
| Cash received from contributions | 3,083 | 216,693 |
| Cash received from interest | 606 | 25 |
| Cash paid to employees | (1,321,524) | (1,168,365) |
| Cash paid for employee taxes and benefits | (377,578) | (357,704) |
| | | |
| Cash paid for supplies and provider assistance | (13,668,313) | (14,895,746) |
| Cash paid for childcare | <u>(14,954,922)</u> | <u>(5,854,100)</u> |
| Net cash provided (used) by operating activities | <u>543,123</u> | <u>368,224</u> |
| | | |
| Cash - beginning | <u>2,217,130</u> | <u>1,848,906</u> |
| Cash - ending | <u>\$ 2,760,253</u> | <u>\$ 2,217,130</u> |
| | | |
| Reconciliation of increase (decrease) in net assets to net cash provided (used) by operating activities | | |
| | | |
| Increase (decrease) in net assets | <u>\$ 205,037</u> | <u>\$ 52,878</u> |
| | | |
| Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities | | |
| | | |
| Depreciation | 309 | 2,107 |
| Decrease (increase) in operating assets | | |
| Grant funds receivable | (14,285) | (129,121) |
| Due from others | (102,100) | (16,422) |
| Due from local governments | (4) | 106,495 |
| Due from providers | 18,457 | (58,851) |
| Prepaid expenses | (1,836) | 1,286 |
| Increase (decrease) in operating liabilities | | |
| Accounts payable | 818,628 | (752,011) |
| Accrued payroll, taxes and withholding | (11,181) | 11,630 |
| Due to the State | <u>(369,902)</u> | <u>1,150,233</u> |
| Total adjustments | <u>338,086</u> | <u>315,346</u> |
| Net cash provided (used) by operating activities | <u>\$ 543,123</u> | <u>\$ 368,224</u> |
| | | |
| Noncash transactions | | |
| Right of use asset - operating lease | \$ 168,387 | \$ - |
| Operating lease liability | 419,931 | - |

**EARLY LEARNING COALITION OF ALACHUA
COUNTY, INC.**

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Purpose - The Early Learning Coalition of Alachua County, Inc. (Coalition), is a nonprofit corporation organized on June 22, 2000, for the purpose of providing opportunities for at risk, birth to kindergarten children and enhancing their chances for educational success. The Coalition was specifically formed to implement the provisions of the "Florida School Readiness Act" (Section 411, *Florida Statutes*) in Alachua County, Florida.

The Organization is governed by a voluntary board of directors.

The Organization is primarily funded by grant contracts with the State of Florida Division of Early Learning, which includes State and Federal grant funding for childcare and school readiness programs. The Organization primarily provides its school readiness and VPK services through contractual arrangements with childcare providers and the Alachua County School Board.

Revenues supporting the Organization are primarily federal and the state grants, contractual services, and contributions.

Basis of Accounting - The Coalition follows standards of accounting and financial reporting prescribed for voluntary health and welfare agencies. It uses the accrual basis of accounting, which recognizes revenues when earned and expenses as incurred. Federal, state and local government, and other public grants are recorded as support when performance occurs under the terms of the grant agreement.

The costs of providing the various programs and other activities have been detailed in the Statement of Functional Expenses and 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 which benefit more than one program are allocated to the various programs based on employee time spent in each functional area. Other expenses which benefit more than one area are allocated based on the average employee time spent in the various cost centers.

Financial Statement Presentation - The financial statement presentation is presented as required by the Section 958, Not for Profit Entities, in the Financial Accounting Standards Board (FASB) Accounting Standards Codification.

Under the Codification, the Early Learning Coalition of Alachua County, Inc., is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restriction, which represents the expendable resources that are

available for operations at management's discretion and net assets with donor restrictions which are restricted by the donor as to purpose or time.

In accordance with the above referenced Codification, contributions received are recorded as without donor restrictions or with donor restrictions.

During the year ending June 30, 2023, the net assets were classified as follows:

| | | |
|---------------------------|----|----------------|
| Net assets | | |
| Unrestricted | \$ | 340,463 |
| Restricted for child care | | <u>54,366</u> |
| Total net assets | \$ | <u>394,829</u> |

Promises to Give/Contributions – Based on FASB Codification 958-605-25, contributions are recognized when the donor makes a promise to give to the Organization, that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in donor restricted net assets depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Cash Equivalents - As applicable, cash equivalents consist of short-term, highly liquid investments which are readily convertible into cash within ninety (90) days of purchase. At June 30, 2023, the Organization had no investments, which it considered cash equivalents.

Property and Depreciation - The Organization follows the practice of capitalizing all property and equipment expenditures in excess of \$5,000, at cost, or, if donated, at fair market value. The Organization utilizes straight line depreciation with useful lives ranging from 5-7 years.

Property and equipment are valued at historical cost. Donated property and equipment are valued at estimated fair value at the date of donation. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose.

Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Property and Equipment Acquired by Grants - All property and equipment purchased with funds provided by federal or state funded programs is the property of the federal government or State of Florida. The Coalition uses the property and equipment in its operations and is required to maintain physical control over these assets. The titles to the assets are held by the Organization. Disposition of fixed assets exceeding established amounts requires prior approval by the federal pass-through agency, the State of Florida, Division of Early Learning.

Revenue Recognition - The Organization's primary revenue is derived from annual grants awarded by the State of Florida, Division of Early Learning. These grant revenues, which are susceptible to accrual, are recognized when they become measurable and available. Other revenues are recorded on the accrual basis of accounting.

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.

Uncertain Tax Positions – The Organization considered FASB Codification 740-10-50-15. As a result, it determined that the primary tax position of the Organization is its filing status as a tax-exempt entity. In addition, the Organization determined that it is more likely than not that its tax positions would be sustained upon examination by the Internal Revenue Service (IRS).

Prior Year Summarized Comparative Information – The financial statements include certain prior-year summarized comparative information in total but not with functional detail. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30 of the prior year, from which the summarized information was derived.

Adoption of ASU No. 2016-02 – On July 1, 2022, the Organization adopted Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*. The ASU was issued to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements. The adoption resulted in the following changes to the financial statement line items in the current period:

| | <u>Dr (Cr)</u> |
|---|----------------|
| Right of use asset | 588,317 |
| Accumulated depreciation - right of use asset | (532,042) |
| Lease liability | (56,276) |
| Net assets | - |

NOTE 2. CASH

Cash includes amounts in demand deposits as well as short-term money market investment accounts. Cash in demand deposits is secured by federal depository insurance. There were no restrictions on the cash balances at June 30, 2023.

At June 30, 2023, the total bank balances were \$3,757,108, of which \$250,000, was covered by the Federal Deposit Insurance Corporation (FDIC). The remaining balance is insured by the Bureau of Collateral Management, Florida Department of Financial Services.

NOTE 3. DUE FROM STATE OF FLORIDA

Due from the State of Florida, consists of amounts owed to the Coalition for child care services provided prior to June 30, 2023. Management considers the amounts fully collectible. No provision for uncollectible amounts is provided for in the financial statements. All amounts were collected post year end.

Due from the State of Florida consisted of the following:

Federal grants - School Readiness \$ 191,783

NOTE 4. DUE FROM SCHOOL READINESS PROVIDERS

Due to a software upgrade, estimated amounts were paid to school readiness providers throughout the 2018-19 fiscal year. During the 2019-20 fiscal year, the Coalition corrected the estimated amounts and determined the balances that were owed to/by the Coalition and to/by various providers due to the under/overpayments (estimated vs. actual).

The balances were also subjected to review and approval by the Providers.

The amounts owed by Providers at June 30, 2023, was \$106,381.

The Coalition expects the amounts to be repaid and has not recorded an allowance for doubtful provider amounts.

NOTE 5. DUE FROM LOCAL GOVERNMENTS AND OTHERS

Contributions are made from other local governments and nonprofit organizations to assist and promote child care within Alachua County, Florida. The amounts are provided via contract or grant award.

At June 30, 2023, the following amounts were owed to the Coalition:

| | | |
|---|----|-----------------------|
| Contributor | | |
| Children's Trust of Alachua County (see note 7) | \$ | 116,507 |
| Other | | <u>2,015</u> |
| Total due from others | | <u>118,522</u> |
| City of Gainesville | | 14,444 |
| Alachua County, Florida | | <u>5,662</u> |
| Total due from other local governments | | <u>20,106</u> |
| Total | \$ | <u><u>138,628</u></u> |

NOTE 6. FIXED ASSETS AND DEPRECIATION

Depreciation of furniture and fixtures, and machinery and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis. In accordance with the Organization's policy, assets costing less than \$5,000 are generally fully expensed in their year of acquisition.

Depreciation expense for the period ended June 30, 2023, was \$309.

Fixed assets at June 30, 2023, are as follows:

| Fixed asset type | <u>Cost</u> | <u>Depreciable life</u> |
|--|------------------|-------------------------|
| Leasehold alterations | \$ 28,126 | 7 |
| PCs | 93,813 | 5 |
| Furniture and equipment | <u>60,585</u> | 5 |
| Total fixed assets | 182,524 | |
| Accumulated depreciation | | |
| Leasehold alterations, furniture and equipment | <u>(182,514)</u> | |
| Net fixed assets | <u>\$ 10</u> | |

NOTE 7. OPERATING LEASE - FACILITY

The Organization rents administrative offices at 4424 NW 13th Street Gainesville, Florida, from W. B Properties. In January 2022, the Organization executed a lease which continues for a five-year period with an option to extend for an additional five-year period under the same terms. The Organization does not consider any additional renewal periods to be reasonably certain of being exercised, as comparable locations could generally be identified within the same area for comparable lease rates.

The lease agreement calls for fixed monthly rental payments of \$10,545 (annual total \$126,539). A monthly reimbursement for utility fees is paid in an amount of \$1,152.

During the year ending June 30, 2023, the Organization recognized rent expense associated with the above lease as follows:

| | <u>2023</u> |
|-------------------------------------|-------------------|
| Operating lease cost | |
| Fixed rent expense (net lease cost) | <u>\$ 126,539</u> |
| Lease cost | |
| Lease cost - depreciation | \$ 112,111 |
| Lease cost - interest | <u>14,428</u> |
| Net lease cost | <u>\$ 126,539</u> |

Amounts recognized as right-of-use assets related to the operating lease is included in fixed assets, in the accompanying statement of financial position. The right-of-use lease liability is included in the current and long-term liabilities section. At June 30, 2023, the right-of-use assets and lease liabilities were as follows:

| | |
|--|-------------------|
| Right of use asset - operating lease | 588,317 |
| Right of use asset - operating lease accumulated depreciation | <u>(168,386)</u> |
| Operating lease ROU assets (net) | <u>\$ 419,931</u> |
| Operating lease liabilities | |
| Current portion | \$ 115,521 |
| Long-term portion | <u>304,410</u> |
| Total operating lease liabilities | <u>\$ 419,931</u> |

During the year ended June 30, 2023, the Organization had the following cash and non-cash activities associated with the operating lease:

Cash paid for amounts included in the measurement of lease liabilities:

| | |
|---|-------------------|
| Operating cash flows from operating leases | \$ <u>126,539</u> |
| Non-cash investing and financing activities | |
| New operating lease liabilities (adoption) | \$ <u>532,042</u> |

The future payments due under the above operating lease as of June 30, 2023, is as follows:

| | |
|------------------------------|-----------------|
| Due in year ending: | <u>Payments</u> |
| June 30, 2024 | 126,539 |
| June 30, 2025 | 126,539 |
| June 30, 2026 | 126,539 |
| June 30, 2027 | <u>63,270</u> |
| | 442,887 |
| Less effects of discounting | <u>(22,956)</u> |
| Lease liabilities recognized | <u>419,931</u> |

As of June 30, 2023, the weighted-average remaining lease term for the operating lease is 3.5 years.

Because the Organization does not have access to the rate implicit in the lease, it uses an incremental borrowing rate as the discount rate. The weighted average discount rate associated with the operating lease as of June 30, 2023 is 3%.

NOTE 8. REVENUE FROM CONTRACTS

The Organization performs quality assessment with providers, assesses provider strengths, implements evidence-based practices, and provides individualized professional development support is under Contact No. 13608 with the Children’s Trust of Alachua County. The contract amount’s maximum is \$248,026. Payment is based upon professional development trainings and the results of the training based upon established targets by Provider teachers. Revenues are earned upon the provision/implementation of the services and billed monthly.

The monthly revenue amounts were as follows:

| | |
|--------------|-------------------|
| <u>Month</u> | <u>Revenues</u> |
| July | \$ 21,423 |
| August | 10,590 |
| September | 15,972 |
| October | 15,806 |
| November | 10,791 |
| December | 14,876 |
| January | 10,690 |
| February | 12,343 |
| March | 12,911 |
| April | 11,059 |
| May | 12,365 |
| June | <u>21,003</u> |
| Totals | <u>\$ 169,829</u> |

The Organization was owed \$116,507 under the above contract at June 30, 2023.

NOTE 9. RETIREMENT

The Organization adopted a 401(k)-retirement savings plan. The plan is available to all employees who have completed 1,040 hours of employment. Under the plan, the Organization makes a contribution of six percent of the employee's wages.

For the year ending June 30, 2023, the Organization incurred \$57,874 in retirement expense.

NOTE 10. INCOME TAXES

The Organization has been granted an exemption from income taxes under Internal Revenue Code, Section 501(c)(3), as a nonprofit corporation. As required by Internal Revenue Service regulations, the Organization annually files a Form 990, "Return of Organization Exempt from Income Tax".

No taxes were owed by the Organization for the year ended June 30, 2023.

NOTE 11. CONTINGENCIES

There is a contingent liability because all the Organization's audits/monitoring's have not been completed for the fiscal year ended June 30, 2023. Under provisions of the funding agreements, any expenditure determined not in compliance with grant regulations would be subject to repayment by the Organization.

The Organization's administration believes that all expenditures were significantly in compliance with grant regulations.

NOTE 12. CONCENTRATION OF CREDIT RISK

Financial instruments which subject the Organization to concentrations of credit risk consist primarily of cash and cash equivalents in a local bank which at times may exceed the FDIC limits. However, because of the classification as public funds, any amounts that exceed FDIC coverage are insured through the Bureau of Collateral Management, Division of Treasury, and Department of Financial Services.

The Organization has no policy requiring collateral or other security to support its receivables.

NOTE 13. EXPENSES BY FUNCTION

Expenses by function have been allocated among program and supporting services classifications on the basis of employee time records based on personal activity reports (PARs). Hours by function are entered on a spreadsheet and an average by department (Administrative/finance, Provider Support, and Family Support) is computed. The average by department is totaled by function and multiplied by the total number of employees. The average by employee is used to allocate those costs that are not directly charged. The process is updated on a monthly basis.

The plan was approved by the Florida Division of Early Learning.

NOTE 14. CONCENTRATION OF REVENUE SOURCES

Approximately 99% of the Organization's revenues are derived from one state grant contract which must be renewed annually.

NOTE 15. INVENTORIES

It has consistently been the policy of the Organization to record acquisition of goods and supplies as expenditures at the time of purchase. The amount of such inventory on hand at any one time would be a nominal amount and considered to be immaterial.

NOTE 16. DONATED SERVICES

The Organization also receives contributed services from various individuals. Volunteer services are recorded in accordance with FASB Codification 958-605-25-16 if they: 1 create or enhance nonfinancial assets or 2 require specialized skills and are provided by the individuals possessing those skills, and would typically need to be purchased if not provided by donation.

The contributed services provided to the Organization during the year ending June 30, 2023, did not meet the revenue recognition criteria above and were not recorded.

The fair market value of the unrecorded donated services has not been estimated.

Volunteer services were provided to all programs.

NOTE 17. QUALITATIVE AND QUANTITATIVE INFORMATION

Qualitative Information

Donor restrictions

The Organization has the responsibility to maintain resources due to donor restrictions at June 30, 2023.

Goals for Maintaining Financial Assets

The Organization's goals for maintaining financial assets are indicated in its Financial Policy and Procedures: "a budget is designed and prepared to direct the most efficient and prudent use of the Coalition's financial and human resources . . . on a monthly basis, financial reports comparing actual year-to-date revenues and expenses with budgeted year-to-date amount shall be produced . . . and distributed to each Department Director."

Policies for Investing Excess Cash

The Organization's policy for maintaining financial assets is indicated in its Financial Policy and Procedures: "ELCAC's investment objectives are the preservation and protection of the ELCAC's assets, as well as the maintenance of liquid reserves to meet obligations arising from unanticipated activities, by earning and appropriate return on investments."

Contractual Agreements

At June 30, 2023, the Organization had a contractual agreement with the University of Florida which provides funds for child care training. All amounts are considered earned upon the provision of service.

Line of Credit

Due to advances provided by the Florida Division of Early Learning, the Organization has not required any short-term funding via a line of credit or other means.

Quantitative Information

Financial assets at year-end:

| | | |
|---|----|------------------|
| Cash | \$ | 2,760,253 |
| Receivables | | 436,792 |
| Prepaid expenses | | <u>20,374</u> |
| Financial assets/awards available to meet general expenses within one year | \$ | <u>3,217,419</u> |

NOTE 18. RECONCILIATION OF DEL CONFIRMED REVENUE TO STATEMENT OF ACTIVITIES BALANCES

The following schedule reconciles the DEL confirmed revenue total to the amount reported on the Coalition's financial statements:

| | | |
|--------------------------------|----|-------------------|
| Revenues per | | |
| DEL Confirmation | \$ | <u>30,689,293</u> |
| Per financial statements | | |
| SR | \$ | 26,676,354 |
| VPK | | <u>4,012,939</u> |
| Total federal and state grants | \$ | <u>30,689,293</u> |

NOTE 19. RELATED PARTY TRANSACTIONS

The composition of the Coalition's Board of Directors includes three persons associated with Pre-K/School Readiness providers who received payments from the Organization during the year ended June 30, 2023.

The amounts paid to the providers are as follows:

| <u>Related Party</u> | <u>Amount</u> | <u>Board Member</u> |
|--|---------------|---------------------|
| Santa Fe College: Santa Fe Little School | \$ 94,423 | Dr. Karen Bennett |
| Passage Ministries: Kuddly Kids Academy | 182,207 | Patrick Bizub |
| Cuddly Kids Academy | 231,664 | George Dix |

The terms of these contracts were the same as for other child care providers.

NOTE 20. SUBSEQUENT EVENTS

The Organization's management has evaluated subsequent events through February 2, 2024, the date which the financial statements were available for issuance and reports the following:

Grant Award

On July 1, 2023, the State of Florida Division of Early Learning awarded the Organization the following grant:

EL064 Grant Amount \$23,059,610 (as amended)

NOTE 21. RECONCILIATION OF FINANCIAL RECORDS TO SCHOOL READINESS DATA AND REPORTING SYSTEM

During the year ending June 30, 2023, a monthly reconciliation of the Organization's financial records to the statewide School Readiness data and reporting system was generally performed in a timely and satisfactory manner based on the advances awarded and actual payments requested.

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COMPLIANCE SECTION

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

To the Board of Directors of the
Early Learning Coalition of Alachua County, Inc.
Gainesville, Florida

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Early Learning Coalition of Alachua County, Inc., (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated February 2, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Early Learning Coalition of Alachua County, 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 my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Early Learning Coalition of Alachua County, Inc.'s internal control. Accordingly, I do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, to detect, 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.

My 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 my audit I did

not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Early Learning Coalition of Alachua County, Inc.'s financial statements are free of material misstatement, I 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 the financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my 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 my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Kenneth M. Daniels
Certified Public Accountant
February 2, 2024

EARLY LEARNING COALITION OF ALACHUA COUNTY, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

For the Fiscal Year Ended June 30, 2023

| | Federal Assistance Listing/State CSFA Number | Pass-through Entity Identifying Number | Contract Period | Contract Period | Grant/ Contract Amount | Total Federal/State Expenditures | Provided to Subrecipients | Deferred Revenue 6/30/2023 |
|--|--|--|--------------------|--------------------|------------------------------|--|------------------------------|----------------------------------|
| Federal Financial Assistance | | | | | | | | |
| U.S. Department of Health and Human Services passed through Florida's Division of Early Learning | | | | | | | | |
| Temporary Assistance for Needy Families (TANF) | 93.558 | EL063 | 7/1/2022 | 06/30/23 | \$ 797,412 | \$ 797,412 | \$ - | \$ - |
| Childcare and Development Block Grant * | 93.575 | EL063 | 7/1/2022 | 06/30/23 | 2,404,635 | 2,404,635 | - | - |
| Childcare and Development Block Grant * | | | | | | | | |
| Covid-19 Supplemental ARP Funds* | 93.575 | EL063 | 7/1/2022 | 06/30/23 | 21,771,050 | 21,771,050 | - | - |
| Covid-19 Supplemental CARES Act Funds* | 93.575 | EL063 | 7/1/2022 | 06/30/23 | 124,202 | 124,202 | - | - |
| Covid-19 Supplemental CRRSA Act Funds* | 93.575 | EL063 | 7/1/2022 | 06/30/23 | 643,491 | 643,491 | - | - |
| Childcare Mandatory and Matching Funds * | 93.596 | EL063 | 7/1/2022 | 06/30/23 | 927,307 | 927,307 | - | - |
| Total Child Care and Development Fund Cluster | | | | | <u>25,870,685</u> | <u>25,870,685</u> | - | - |
| Preschool Development Grants | 93.434 | EL063 | 7/1/2022 | 06/30/23 | - | - | - | - |
| Social Services Block Grant | 93.667 | EL063 | 7/1/2022 | 06/30/23 | 5,335 | 5,335 | - | - |
| U.S. Department of Education passed through Florida's Division of Early Learning | | | | | | | | |
| Education Stabilization Fund (ESF) | | | | | | | | |
| Elementary and Secondary School Emergency Relief (ESSER) Fund CRRSA Act Funds | 84.425D | EL063 | 7/1/2022 | 06/30/23 | 2,922 | 2,922 | - | - |
| Total federal financial assistance | | | | | <u>26,676,354</u> | <u>26,676,354</u> | - | - |
| State Financial Assistance | | | | | | | | |
| Florida's Office of Early Learning | | | | | | | | |
| Voluntary Pre-K Education Program | 48.108 | EL063 | 7/1/2022 | 06/30/23 | 4,012,939 | 4,012,939 | - | - |
| Total all assistance | | | | | <u>\$ 30,689,293</u> | <u>\$ 30,689,293</u> | \$ - | \$ - |

* Cluster of programs

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards and state financial assistance (the Schedule) includes the federal and state grant/contract activity for the Early Learning Coalition of Alachua County, Inc., under programs of the federal and state governments for the year ended June 30, 2023. 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* (Uniform Guidance) and State of Florida, *Rules of the Auditor General* 10.650. Because the Schedule presents only a selected portion of the operations of the Early Learning Coalition of Alachua County, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Early Learning Coalition of Alachua County, Inc.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. When applicable, negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenses in prior years.

Note 3. Indirect Cost Rate

The Early Learning Coalition of Alachua County, Inc., did not elect to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

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

To the Board of Directors of
Early Learning Coalition of Alachua County, Inc.
Gainesville, Florida

Report on Compliance for Each Major Federal Program and State Project

Opinion on Each Major Federal Program and State Project

I have audited Early Learning Coalition of Alachua County, 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 the special audit guidance provided by the Florida Division of Early Learning that could have a direct and material effect on each of Early Learning Coalition of Alachua County, Inc.'s, major federal programs and state projects for the year ended June 30, 2023. The Early Learning Coalition of Alachua County, Inc.'s, major federal programs and state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In my opinion, the Early Learning Coalition of Alachua County, 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 projects for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program and State Project

I conducted my 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, Audit Requirements for Federal Awards (Uniform Guidance), and the Department of Financial Services' State Projects *Compliance Supplement*, and the special audit guidance provided by the Florida Division of Early Learning. My responsibilities under those federal and state standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of my report.

I am required to be independent of the Early Learning Coalition of Alachua County, Inc., and to meet my other ethical responsibilities, in accordance with relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion on compliance for each major federal program and state project. My audit does not provide a legal determination of the Early Learning Coalition of Alachua County, Inc.'s, compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Early Learning Coalition of Alachua County, Inc.'s, federal programs and state projects.

Auditor's Responsibility for the Audit of Compliance

My objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Early Learning Coalition of Alachua County, Inc.'s, compliance based on my audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, *Department of Financial Services' State Projects Compliance Supplement*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Early Learning Coalition of Alachua County, Inc.'s, compliance with the requirements of each major federal program and state project as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, Department of Financial Services' State Projects *Compliance Supplement*, and the Uniform Guidance, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Early Learning Coalition of Alachua County, Inc.'s, compliance with the compliance requirements referred to above and performing such other procedures as I considered necessary in the circumstances.
- Obtain an understanding of the Early Learning Coalition of Alachua County, Inc.'s, internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and the *Department of Financial Services' State Projects Compliance Supplement*, but not for the purpose of expressing an opinion on the effectiveness of the Early Learning Coalition of Alachua County, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that I identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned

functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program 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.

My consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during my audit, I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

My audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance, Chapter 10.650, *Rules of the Auditor General*, and the special audit guidance provided by the Florida Division of Early Learning. Accordingly, this report is not suitable for any other purpose.



Kenneth M. Daniels
Certified Public Accountant
Jasper, FL
February 2, 2024

**EARLY LEARNING COALITION OF ALACHUA COUNTY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
FEDERAL PROGRAMS AND STATE PROJECTS**

For the Year Ended June 30, 2023

Summary of Auditor's Results

| | |
|---|---------------------------------|
| <u>Financial Statements</u> | |
| Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP | Unmodified |
| Internal control over financial reporting: | |
| Material weakness(es) identified? | No |
| Significant deficiency(ies) identified? | None reported |
| Noncompliance material to financial statements noted? | No |
| <u>Federal Awards and State Projects</u> | |
| Internal control over major programs: | |
| Major weakness(es) identified? | No |
| Significant deficiency(ies) identified? | None reported |
| Types of auditor's report issued on compliance for major Federal programs or State projects: | Unmodified |
| Any audit findings disclosed that are required to be reported in accordance with CFR 200.516(a) or Chapter 10.656 <i>Rules of the Auditor General</i> ? | No |
| Identification of major programs and/or State projects: | |
| <u>Federal Program or Cluster</u> | <u>Federal CDEFA No.</u> |
| U.S. Department of Health and Human Services | |
| Childcare and Development Block Grant (Cluster) | 93.575 |
| Childcare Mandatory and Matching Funds (Cluster) | 93.596 |

| <u>State Project</u> | <u>State CSFA No.</u> |
|---|------------------------------|
| State of Florida, Division of Early Learning Voluntary Pre-K Education Program | 48.108 |
| Dollar threshold used to distinguish between Type A and Type B programs – Federal Programs: | \$800,291 |
| Dollar threshold used to distinguish between Type A and Type B programs – State Projects: | \$750,000 |
| Auditee qualified as low-risk pursuant to the Uniform Guidance (not applicable for State projects) | No |

Other Issues

Communications Required by the Division of Early Learning

The Early Learning Coalition of Alachua County, Inc.,

1. performs a monthly reconciliation of its financial records to the actual payments provided by the statewide School Readiness data and reporting system,
2. has processes in place to identify and correct errors noted during the monthly reconciliation process.

The Early Learning Coalition of Alachua County, Inc., financial records and the EFS records of actual payments were reconciled and are in general agreement for the year ending June 30, 2023.

The audit work papers of Kenneth M Daniels CPA PA include documentation that the above tasks were performed. The work papers are available for review by the Division of Early Learning staff at their request.

No Summary Schedule of Prior Audit Findings is required because there were no prior audit findings related to Federal Programs or State Projects (per Section 10.656(3)(d)5., *Rules of the Auditor General*).

KENNETH M. DANIELS
CERTIFIED PUBLIC ACCOUNTANT

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MANAGEMENT LETTER

To the Board of Directors of the
Early Learning Coalition of Alachua County, Inc.
Gainesville, Florida

Report on the Financial Statements

I have audited the financial statements of the Early Learning Coalition of Alachua County, Inc. as of and for the fiscal year ended June 30, 2023, and have issued my report thereon dated February 2, 2024.

Auditor's Responsibility

I conducted my audit 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; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance) and Chapter 10.650 *Rules of the Auditor General*.

Other Reporting Requirements

I have issued my Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report On Compliance for Each Major Federal Program and State Project and Report on Internal Control Over Compliance in accordance with the Uniform Guidance and Chapter 10.650, *Rules Of The Auditor General*; and the Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated February 2, 2024, should be considered in conjunction with this management letter.

Additional Matters

Section 10.654(1)(e), *Rules of the Auditor General*, requires that I address 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 which warrants the attention of those charged with governance. In connection with my audit:

Prior Year Immaterial Audit Findings and Recommendations

All prior year immaterial audit findings or recommendations were cleared.

Current Year Immaterial Audit Findings and Recommendations

There we no current year immaterial audit findings or recommendations.

Purpose of this Letter

This 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 State granting agencies, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.



Kenneth M. Daniels, CPA
Certified Public Accountant
February 2, 2024