

**FINANCE COMMITTEE  
MEETING AGENDA**

Monday, April 5, 2021 at 3:00 pm  
Zoom Meeting

**I. CALL TO ORDER**

- A. Roll Call/Quorum Verification L. Buzard
- B. Approval of Minutes for February 1, 2021 Regular Meeting (pgs. 3-5) L. Buzard

**II. PUBLIC COMMENT I**

*Individuals wishing to address the Early Learning Coalition of Hillsborough County Board of Directors must complete a Public Comment Request Card and submit it to the official recorder prior to the noticed start time of the meeting. Said comments will be limited to three (3) minutes per individual on a first come, first serve basis, and only at such time as is identified on the official meeting agenda for public comment. All public comment in Public Comment I must pertain to an item on the approved agenda.*

**III. FINANCIAL REPORT**

- A. MSL Report on FY 19-20 (pgs. 6-20) J. Goolsby
  - a. Audited Financials
  - b. Forensic Audit Procedures Update
- B. Budget to Actual FY 20-21/Forecast (pgs. 21-24) G. Meyer
- C. OEL Fiscal Monitoring Update G. Meyer
- D. IRS Form 5500/990 FY 13-18 Compliance Update J. Goolsby/G. Meyer
- E. IRS Form 990 FY 19-20 Update J. Goolsby/G. Meyer

**IV. ACTION ITEMS**

- A. Request Approval: FY 19-20 Audited Financials (pgs. 25-51) J. Goolsby/G. Meyer

**V. CEO REPORT**

- A. School Readiness Provider Rate Increase Implementation
- B. House Bill 419
- C. 40 Hour Work Week

G. Gillette

**VI. DISCUSSION ITEMS**

**VII. ADJOURNMENT**

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**UPCOMING MEETINGS**

**Provider Review Hearing** – Tuesday, April 6, 2021 at 3:00 pm

**Executive Committee Meeting**– Monday, April 12, 2021 at 3:00 pm

**Board of Director's Meeting** – Monday, April 19, 2021 at 3:00 pm

**UPCOMING EVENTS**

**Feeding Tampa Bay Mobile Pantry Distribution** – Tuesday, April 6, 2021 at 4:30 pm

**A Day of Preschool-** Friday, May 21, 2021 at 11:15 am at Tabella's at Delaney Creek  
**VPK Conference-** Friday, May 21, 2021 at 5:30 pm at Tabella's at Delaney Creek

**Zoom Meeting Information:**

**Join Zoom Meeting**

<https://zoom.us/j/95757299176?pwd=dXdHSWxZcjFkNXp4dG1DRXc3MkNWUT09>

Meeting ID: 957 5729 9176

Passcode: 185470

One tap mobile

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Passcode: 185470

Find your local number: <https://zoom.us/u/aYvk7Virb>

Monday, February 1, 2021, at 3:00 pm  
Zoom Meeting

**MEETING ATTENDANCE**

**Facilitator:** Luke Buzard, Chair

**Committee Members Present:**

Luke Buzard\*, Dianne Jacob\*, Candy Olson\*, Joe McElroy\* and Dr. Shawn Robinson\*

**Committee Members Absent:**

**ELCHC Staff:**

Alison Fraga\*, Gordon Gillette\*, Kelley Minney\*, Kiyana Scott\*, Abigail Perez\*, Yarima Hernandez Tamayo\*, Lorinda Gamson\* and Helen Sovich\*

**Other Attendees:**

Tonia Williams\*

\*Indicates attendance by Zoom Meeting platform.

**CALL TO ORDER**

**Quorum Verification**

Noting a quorum was present, Committee Chair, Luke Buzard, called the meeting to order at 3:03 pm.

**Approval of October 5, 2020 Finance Committee meeting minutes**

***Dr. Shawn Robinson made a motion to approve the October 5, 2020 Finance Committee meeting minutes. Dianne Jacob made a second. The motion carried unanimously.***

**PUBLIC COMMENT**

There was no Public Comment.

**FINANCIAL REPORT**

Yarima Hernandez Tamayo, Manager, Accounting, reviewed and responded to Committee questions about the budget to actual statements as of December 31, 2020. Ms. Hernandez Tamayo highlighted the following items:

1. The revenue received from Child Care Licensing (CCL) was not utilized in fiscal year 19-20.
2. The Children's Board of Hillsborough contract has not been signed and executed due to the E-Verify affidavit stipulation.
3. The Early Learning Coalition of Hillsborough County (ELCHC) applied for funding to the City of Tampa; the application was not approved due to limited funding.

4. COVID-19 has impacted the ELCHC's efforts to raise funds; the Resource Development and Community Relations department is preparing an event in May 2021 to accomplish raising \$90,780 for the Coalition.
5. School Readiness enrollments are paid based on attendance effective January 1, 2021.
6. ELCHC is expected to be \$10.5M below budget for Voluntary Prekindergarten (VPK) by the end of the fiscal year 20-21.

There was discussion on if the Coalition is operating on a cash basis or accrual basis. Committee Chair, Luke Buzard, recommended that ELCHC's accounting basis be included as a discussion item for the next Finance Committee Meeting on April 5, 2021.

## **ACTION ITEMS**

### **Tentative 2021 School Readiness Provider Rate Increases**

Gordon Gillette, CEO, reported the Office of Early Learning (OEL) was provided \$50M by the 2020 Legislature to implement a mandated statewide School Readiness provider rate increase for all care levels at fixed percentages.

Mr. Gillette informed the Committee that ELCHC expects to receive a Notice of Award (NOA) of approximately \$5.8M and a detailed provider rate table that will be used to initiate the provider rate increases once finalized by OEL.

## **CEO REPORT**

### **A. OEL Independent Auditor Findings and Management Responses**

An independent auditor hired by the Office of Early Learning to complete the 19-20 fiscal audit. Mr. Gillette noted that the auditor's findings were mainly administrative and that ELCHC has effectively identified the corrective actions needed.

### **B. MSL Update**

Moore Stephens Lovelace (MSL) is working on completing the audit report and the Form 990 by the April 19, 2021 Board of Directors meeting.

### **C. CFO Update & MIS Update**

Mr. Gillette updated the Committee on Coalition's new CFO, Mr. Gary Meyer, who will be starting on February 8, 2021.

Mr. Gillette reported that John Kachurick, Manager, MIS and Process Improvement, has resigned from his role; Mr. Kachurick's last day with the Coalition was January 29, 2021.

There was a brief discussion on the Governor's Office of the Chief Inspector General (CIG) Report that was released on January 21, 2021. The report outlined that more than 800 organizations that are contracted with state agencies issued excessive compensation payouts to their executive

leadership teams. Mr. Gillette stated that the ELCHC was listed in the CIG report; however, the Office of Early Learning confirmed that the ELCHC did not receive any excessive compensation in 2019.

Committee Chair Luke Buzard recommended that the CIG report be shared with the ELCHC Board of Directors before the upcoming Board meeting on February 15, 2021.

Mr. Buzard advised MSL to complete a review and testing of transactions during the employment period of the former ELCHC Finance Director during the course of the audit.

#### **DISCUSSION ITEMS**

There were no Discussion Items.

#### **ADJOURNMENT**

***Candy Olson made a motion to adjourn the meeting at 3:52 pm. Dianne Jacob made a second. The motion carried unanimously.***

Read and approved by: \_\_\_\_\_ Date: \_\_\_\_\_  
Dr. Stephie Holmquist Johnson, Secretary



**EARLY LEARNING**

COALITION OF HILLSBOROUGH COUNTY

# FINANCIAL PRESENTATION

April 5, 2021



CPAs & ADVISORS

# Communications with the Board of Directors



- Our responsibility under GAAS
- Posted adjustment to accrue health insurance of \$269K
- No significant audit adjustments that were waived
- No disagreements with management
- No consultations with others on issues impacting the financial statements
- No difficulties encountered during the audit
- Management judgment and accounting estimates
  - Grants receivable



# Other Items Impacting ELCHC



- Forensic Audit Procedures Performed
  - Utilization of team members who were certified in fraud examination and certified in information systems
  - Reviewed internal controls and segregation of duties
  - Obtained and reviewed software audit trail
  - Inquiries of management
  - No unusual items noted during our testing
- Additional funds received related to CARES Act



# SINGLE AUDIT



April 5, 2021 Finance Committee Meeting

FLORIDA ROOTS. GLOBAL REACH.  
9 of 51

# Major Programs Tested

## Federal Single Audit:


- 93.757, 93.596, 93.434 Child Care Development Fund Cluster
  - ELCHC qualified as low risk auditee

## State Single Audit:

- 48.108 Voluntary Pre-Kindergarten Education Program

# Single Audit Testing

- Significant concentration on child eligibility, payments to providers, and attendance support
- Tested reconciliation for payments, support, and proper function and calculation
- No financial statement or single audit compliance findings
  - Prior year finding 2019-001 and 2019-002 related to school readiness reconciliations that were caused by the OEL's change of the SSIS were found to be fully resolved



# SELECTED FINANCIAL INFORMATION



# Selected Financial Information

(in thousands)



## Statements of Financial Position

Assets	As of June 30,		As of June 30,	
	2020	% of Total	2019	% of Total
Cash	5,383	30.1%	450	5.1%
Grants receivable	12,430	69.5%	8,220	93.0%
Other assets	63	0.4%	166	1.9%
Total Assets	17,876	100.0%	8,836	100.0%

Liabilities and Net Assets	As of June 30,		As of June 30,	
	2020	% of Total	2019	% of Total
Accounts and provider payables	13,528	99.6%	6,845	93.3%
Due to School District HC	49	0.4%	489	6.7%
Total Liabilities	13,577	100.0%	7,334	100.0%
Total Net Assets	4,298	N/A	1,502	N/A



# Selected Financial Information

(in thousands)



## Statements of Activities

	For the Years Ended June 30,		
	2020	2019	% of Change
<b>Revenues</b>			
Grant Revenue and Other Support	98,959	83,590	18.4%
<b>Expenses</b>			
School Readiness	63,867	51,101	25.0%
Voluntary Pre-K	28,703	28,849	-0.5%
Other Programs	510	452	12.8%
Management and General	3,083	3,628	-15.0%
Total Expenses	96,163	84,030	14.4%
Change in Net Assets	2,796	(440)	-735.5%

Note: 2020 revenues include \$4.6 million of additional CARES Act funds

# TAX RETURN UPDATE



April 5, 2021 Finance Committee Meeting

FLORIDA ROOTS. GLOBAL REACH.  
15 of 51



# Form 990 – IRS Letter (Resolved)

**Issue:** Notice received from IRS asserting that Tax Year 2017 (ending June 2018) had not been filed timely resulting in a penalty of ~ \$19K

## **Resolution:**

- The Form 990 for Tax Year 2017 had been filed timely
- Response letter submitted to IRS in October 2020
- Call held with IRS resulted in a **full waiver of the penalties**
- ELC to receive letter from IRS confirming resolution and penalty waiver (pending)

# Form 5500 – IRS Letters (Pending)

**Issue:** Two notices received from IRS asserting that Form 5500-SF for the 401(k) Deferred Compensation Plan had not been filed for Tax Year 2015 and Tax Year 2016 assessing penalties totaling \$31K

Internal investigation found that the ***third-party service provider who prepared these forms had entered the wrong Employee Identification Number (EIN)*** for tax years 2013 – 2018

While the IRS had only sent letters for Tax Year 2015 and Tax Year 2016, similar letters could be anticipated for the other tax years as well unless resolved



# Form 5500 – IRS Letters (Pending) (Continued)



## Actions To Date:

- The third-party service provider has filed amended returns for Tax Years 2013 – 2018 with the corrected EIN Number
- On March 22, 2021, MSL submitted a “Request to Abate IRC Section 6652(e) Penalty Assessments”

## Expectations :

- This was a systematic electronic error and not the result of neglect. We anticipate IRS will waive penalties for all years as filings were made and have been timely amended
- Official ruling by IRS could be delayed due to the pandemic



# OPEN DISCUSSION



# Thank You



**EARLY LEARNING**  
COALITION OF HILLSBOROUGH COUNTY



## ELCHC FINANCE COMMITTEE MEETING – APRIL 5, 2021

### FINACIAL REPORT

III.B.

**ISSUE:** Budget to Actual FY 20-21/Forecast  
**FUNDING SOURCE:** School Readiness, VPK, Match, and Local Funding  
**RECOMMENDED ACTION:** Review of Budget to Actual FY 20-21/Forecast

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**NARRATIVE:** Budget to Actual FY 20-21/Forecast.

(Attachment)





Budget to Actual February 28, 2021							
	Actual	Budget	Difference	Actual	Budget	Difference	
	YTD	YTD	YTD favorable /(unfavorable)	2021 YTD Actual/Forecast	2021 Budget	YTD favorable /(unfavorable)	%
<b>Program Revenue</b>							
School Readiness	37,380,497	38,121,496	(740,999)	60,717,014	59,610,395	1,106,619	1.9%
School Readiness - CARES	7,526,903	4,162,334	3,364,569	8,001,864	4,162,334	3,839,530	92.2%
School Readiness Match - OEL	470,121	1,056,650	(586,529)	1,551,647	1,551,647	-	0.0%
School Readiness - Local Funders:							
Children's Board HC	-	233,590	(233,590)	700,770	700,770	-	0.0%
Metro Ministries(Children Board)	8,794	100,000	(91,206)	68,794	150,000	(81,206)	-54.1%
Hillsborough County BOCC	276,000	138,000	138,000	276,000	276,000	-	0.0%
HC Childcare -Licensing & Fees(CF)	482,788	241,394	241,394	482,788	482,788	-	0.0%
HC Childcare -Licensing & Fees(CY)	248,723	215,000	33,723	430,000	430,000	-	0.0%
City of Tampa	-	210,000	(210,000)	-	210,000	(210,000)	-100.0%
Robles Park	30,847	25,000	5,847	37,292	25,000	12,292	49.2%
United Way	41,886	41,886	-	62,829	62,829	-	0.0%
Caspers	50,000	50,000	-	52,756	50,000	2,756	5.5%
St John	10,689	-	10,689	10,689	-	10,689	100.0%
School Readiness - Local Funders	1,149,727	1,254,870	(105,143)	2,121,918	2,387,387	(265,469)	-11.1%
<b>Total School Readiness Revenue</b>	<b>46,527,248</b>	<b>44,595,350</b>	<b>1,931,898</b>	<b>72,392,443</b>	<b>67,711,763</b>	<b>4,680,680</b>	<b>6.9%</b>
<b>Other Local Funders:</b>							
Hillsborough Infant/Toddler Initiative	30,749	106,000	(75,251)	95,000	159,000	(64,000)	-40.3%
Conn Foundation	70,500	45,500	25,000	70,500	45,500	25,000	54.9%
Spurlino Foundation	60,000	50,000	10,000	60,739	50,000	10,739	21.5%
ELCHC Program Income SRPI	11,913	-	11,913	11,913	-	11,913	100.0%
Lastinger Project	124,133	141,333	(17,200)	212,800	212,000	800	0.4%
HELN	4,208	-	4,208	4,208	-	4,208	100.0%
ELFL	48,505	15,000	33,505	48,505	15,000	33,505	223.4%
General Contributions and Gifts	65,124	200,000	(134,876)	150,000	300,000	(150,000)	-50.0%
<b>Total Local Funders, Contributions and Gifts</b>	<b>415,132</b>	<b>557,833</b>	<b>(142,702)</b>	<b>653,665</b>	<b>781,500</b>	<b>(127,835)</b>	<b>-16.4%</b>
<b>Total School Readiness Revenue and Local Revenue</b>	<b>46,942,380</b>	<b>45,153,184</b>	<b>1,789,196</b>	<b>73,046,108</b>	<b>68,493,263</b>	<b>4,552,845</b>	<b>6.6%</b>
<b>Program Expenses</b>							
School Readiness							
Direct Services - SR	31,804,343	33,688,277	(1,883,934)	50,602,020	50,398,523	203,497	0.4%
School Readiness - CARES	7,433,339	4,005,334	3,428,005	8,001,864	4,162,334	3,839,530	92.2%
School Readiness Match - OEL	470,121	1,056,650	(586,529)	1,551,647	1,551,647	-	0.0%
School Readiness - Local Funders	1,083,005	1,046,066	36,939	2,121,918	1,909,501	212,417	11.1%
General Contributions and Gifts	246,436	106,000	140,436	653,665	781,500	(127,836)	-16.4%
<b>Total Direct Services</b>	<b>41,037,245</b>	<b>39,902,327</b>	<b>1,134,918</b>	<b>62,931,113</b>	<b>58,803,505</b>	<b>4,127,608</b>	<b>7.0%</b>
ELCHC Operating	4,863,954	4,516,170	(347,783)	8,448,708	8,094,258	(354,450)	-4.4%
CCL/ECC	617,219	467,283	(149,936)	1,299,436	1,149,500	(149,936)	-13.0%
Inclusion Cost	122,500	203,904	81,404	235,596	171,000	81,404	25.7%
Scholarships and Other	65,754	63,500	(2,254)	131,254	129,000	(2,254)	-1.7%
<b>Total School Readiness &amp; Other Expenses</b>	<b>46,706,671</b>	<b>45,153,184</b>	<b>(1,553,487)</b>	<b>73,046,107</b>	<b>68,493,263</b>	<b>(4,552,844)</b>	<b>-6.6%</b>
<b>SR Change in Net Assets</b>	<b>235,709</b>	<b>-</b>	<b>235,709</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>100.0%</b>





	Budget to Actual February 28, 2021			Actual 2021 YTD Actual/Forecast	Budget 2021 Budget	Difference	
	Actual YTD	Budget YTD	Difference YTD favorable /(unfavorable)				
<b>Other Revenue (Information Only)</b>							
CARES- Rising Kindergarten Summer Program	1,245,600	1,245,600	-	1,245,600	1,245,600	-	0.00%
Preschool Development Grant Services FY19	167,306	167,306	0	167,306	175,565	(8,259)	100.00%
Preschool Development Grant Services FY20	14,941	322,985	(308,044)	577,960	359,000	218,960	60.99%
<b>Other Expenses</b>							
CARES- Rising Kindergarten Summer Program	1,245,600	1,245,600	-	1,245,000	1,245,000	-	0.00%
Preschool Development Grant Services FY19	167,306	167,306	0	167,306	175,565	(8,259)	100.00%
Preschool Development Grant Services FY20	14,941	322,985	(308,044)	577,960	359,000	218,960	60.99%
<b>Other Change in Net Assets</b>	-	-	-	-	-	-	<b>0.00%</b>



	Budget to Actual February 28, 2021						
	Actual	Budget	Difference	Actual	Budget	Difference	
	YTD	YTD	YTD favorable /(unfavorable)	2021 YTD Actual/Forecast	2021 Budget	YTD favorable /(unfavorable)	%
<b>VPK Revenue</b>							
Voluntary Pre-Kindergarten	13,923,298	22,138,211	(8,214,914)	20,814,910	31,469,824	(10,654,914)	-33.9%
<b>Total VPK Revenue</b>	<b>13,923,298</b>	<b>22,138,211</b>	<b>(8,214,914)</b>	<b>20,814,910</b>	<b>31,469,824</b>	<b>(10,654,914)</b>	<b>-33.9%</b>
Voluntary Pre-Kindergarten							
Direct Services	13,212,923	21,221,019	(8,008,096)	19,655,762	30,092,151	(10,436,389)	-34.7%
ELCHC Operating	703,101	903,859	200,759	1,150,248	1,357,673	207,426	15.3%
ECC	3,637	13,333	9,696	10,304	20,000	9,696	48.5%
<b>Total Voluntary Pre-Kindergarten</b>	<b>13,919,660</b>	<b>22,138,211</b>	<b>8,218,551</b>	<b>20,816,313</b>	<b>31,469,823</b>	<b>10,653,510</b>	<b>33.9%</b>
<b>VPK Change in Net Assets</b>	<b>3,637</b>	<b>-</b>	<b>3,637</b>	<b>(1,403)</b>	<b>(0)</b>	<b>(1,403)</b>	<b>-100.0%</b>
<b>Total Revenue</b>	<b>60,865,678</b>	<b>67,291,395</b>	<b>(6,425,717)</b>	<b>93,861,018</b>	<b>99,963,087</b>	<b>(6,102,069)</b>	<b>-6.1%</b>
<b>Total Expenses</b>	<b>60,626,332</b>	<b>67,291,395</b>	<b>6,665,064</b>	<b>93,862,421</b>	<b>99,963,086</b>	<b>6,100,666</b>	<b>6.1%</b>
<b>Change in Net Assets</b>	<b>239,346</b>	<b>-</b>	<b>239,346</b>	<b>(1,403)</b>	<b>0</b>	<b>(1,403)</b>	<b>100.0%</b>
<b>ELCHC Expenditure Categories:</b>							
Personnel	4,355,502	4,110,425	(245,077)	7,550,521	7,305,444	(245,077)	-3.4%
Staff Development	12,235	33,836	21,601	37,078	58,679	21,601	36.8%
Professional Services	218,709	325,406	106,697	454,009	560,706	106,697	19.0%
Occupancy	277,977	336,667	58,690	446,310	505,000	58,690	11.6%
Postage, Freight and Delivery	4,780	2,000	(2,780)	5,580	2,800	(2,780)	-99.3%
Rentals	3,992	16,000	12,008	11,992	24,000	12,008	50.0%
Supplies	50,315	68,100	17,785	103,615	121,400	17,785	14.6%
Communications	20,436	10,705	(9,731)	25,789	16,057	(9,731)	-60.6%
Insurance	49,797	59,000	9,203	49,797	59,000	9,203	15.6%
Tangible Personal Property	23,592	44,400	20,808	45,792	66,600	20,808	31.2%
Quality	495,996	331,785	(164,211)	781,496	617,285	(164,211)	-26.6%
Travel	2,121	27,774	25,652	21,008	46,661	25,652	55.0%
Other Operating	51,601	53,933	2,333	65,967	68,300	2,333	3.4%
Other Operating Exp (Excludes Personnel)	1,211,553	1,309,605	98,052	2,048,435	2,146,487	98,052	4.6%
<b>Total ELCHC Operating Expenses</b>	<b>5,567,054</b>	<b>5,420,030</b>	<b>(147,025)</b>	<b>9,598,956</b>	<b>9,451,931</b>	<b>(147,025)</b>	<b>-1.6%</b>

## ELCHC FINANCE COMMITTEE MEETING – APRIL 5, 2021

### ACTION

### ITEM IV.A.

<b>ISSUE:</b>	<b>Audit Report and Financial Statements for Years Ended June 30, 2020 and 2019</b>
<b>FISCAL IMPACT:</b>	No material fiscal impact
<b>FUNDING SOURCE:</b>	School Readiness, VPK, Match, and Local Funding
<b>RECOMMENDED ACTION:</b>	Approval of the Audit Report and Financial Statements for Years Ended June 30, 2020 and 2019

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**NARRATIVE:** The Coalition’s external auditors, MSL, P.A., have determined that our Financial Statements for the years ended June 30, 2020, and 2019 are presented fairly with no deficiencies in internal controls. They issued an unqualified (clean) opinion.

(Attachment)

**HILLSBOROUGH COUNTY SCHOOL  
READINESS COALITION, INC.  
(d/b/a Early Learning Coalition of  
Hillsborough County, Inc.)**

**FINANCIAL STATEMENTS**

**Years Ended June 30, 2020 and 2019**

## C O N T E N T S

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	<u>Page Number</u>
INDEPENDENT AUDITOR’S REPORT	1
FINANCIAL STATEMENTS	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	7
Notes to Financial Statements	9
Schedule of Expenditures of Federal Awards and State Financial Assistance	14
Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance	15
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 <i>GOVERNMENT AUDITING STANDARDS</i>	16
INDEPENDENT AUDITOR’S MANAGEMENT LETTER	18
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, <i>RULES OF THE AUDITOR GENERAL</i>	20
Schedule of Findings and Questioned Costs	22

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
The Hillsborough County School Readiness Coalition, Inc.  
d/b/a Early Learning Coalition of Hillsborough County, Inc.  
Tampa, Florida

We have audited the accompanying statements of financial position of The Hillsborough County School Readiness Coalition, Inc. d/b/a Early Learning Coalition of Hillsborough County (the "Coalition") as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinion**

In our opinion, the financial statements referred to in the first paragraph of this report present fairly, in all material respects, the financial position of the Coalition as of June 30, 2020 and 2019, and the results of its activities and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

## **Other Matters**

Our audits were 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 is presented for purposes of additional analysis, as required by 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 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 taken as a whole.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2021, on our consideration of the Coalition’s internal control over financial reporting and 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 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 Coalition’s internal control over financial reporting and compliance.

**MSL, P.A.**

Certified Public Accountants

Tampa, Florida  
March 31, 2021



**HILLSBOROUGH COUNTY SCHOOL READINESS COALITION, INC.**  
**d/b/a Early Learning Coalition of Hillsborough County, Inc.**

**STATEMENTS OF FINANCIAL POSITION**

**June 30, 2020 and 2019**

<b>ASSETS</b>		<b>2020</b>	<b>2019</b>
		<u>          </u>	<u>          </u>
CURRENT ASSETS			
Cash	\$	5,382,503	\$ 449,417
Grants receivable		12,430,135	8,219,892
Other assets		<u>63,344</u>	<u>166,307</u>
TOTAL ASSETS	\$	<u><u>17,875,982</u></u>	<u><u>\$ 8,835,616</u></u>
<b>LIABILITIES AND NET ASSETS</b>			
CURRENT LIABILITIES			
Accounts and provider payables and accrued expenses	\$	13,528,605	\$ 6,844,451
Due to School District of Hillsborough County		<u>49,018</u>	<u>488,897</u>
TOTAL CURRENT LIABILITIES		13,577,623	7,333,348
NET ASSETS		<u>4,298,359</u>	<u>1,502,268</u>
TOTAL LIABILITIES AND NET ASSETS	\$	<u><u>17,875,982</u></u>	<u><u>\$ 8,835,616</u></u>

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

**HILLSBOROUGH COUNTY SCHOOL READINESS COALITION, INC.**  
**d/b/a Early Learning Coalition of Hillsborough County, Inc.**

**STATEMENTS OF ACTIVITIES**

**Years Ended June 30, 2020 and 2019**

	<u><b>2020</b></u>	<u><b>2019</b></u>
REVENUES AND SUPPORT		
Program support:		
Federal and state grant revenue - general	\$ 90,825,426	\$ 80,259,072
Federal and state grant revenue - CARES	4,585,217	-
Local gifts and grant revenue and other	<u>3,548,727</u>	<u>3,330,994</u>
TOTAL REVENUES AND SUPPORT	<b>98,959,370</b>	83,590,066
EXPENSES		
Program services:		
School Readiness	63,867,475	51,101,274
Voluntary Pre-K	28,703,374	28,849,419
Other programs	<u>509,624</u>	<u>452,378</u>
TOTAL PROGRAM SERVICES	<b>93,080,473</b>	80,403,071
Supporting services:		
Management and general	<u>3,082,806</u>	<u>3,628,408</u>
TOTAL EXPENSES	<u><b>96,163,279</b></u>	<u>84,031,479</u>
CHANGE IN NET ASSETS	<b>2,796,091</b>	(441,413)
NET ASSETS WITHOUT DONOR RESTRICTIONS, BEGINNING OF YEAR	<u><b>1,502,268</b></u>	<u>1,943,681</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS, END OF YEAR	<u><b>\$ 4,298,359</b></u>	<u><b>\$ 1,502,268</b></u>

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

**HILLSBOROUGH COUNTY SCHOOL READINESS COALITION, INC.**  
**d/b/a Early Learning Coalition of Hillsborough County, Inc.**

**STATEMENTS OF FUNCTIONAL EXPENSES**

**Year Ended June 30, 2020**

	Program Services				Support Services	2020
	School Readiness	Voluntary Pre-K	Other Programs	Total	Management and General	
Salaries	\$ 3,474,426	\$ 213,666	\$ 242,655	\$ 3,930,747	\$ 1,702,263	\$ 5,633,010
Fringe benefits	1,009,801	55,674	31,334	1,096,809	356,887	1,453,696
<b>TOTAL SALARIES AND RELATED EXPENSES</b>	<b>4,484,227</b>	<b>269,340</b>	<b>273,989</b>	<b>5,027,556</b>	<b>2,059,150</b>	<b>7,086,706</b>
Payments to providers	57,362,412	28,415,235	-	85,777,647	-	85,777,647
Contractual services	140,812	659	85,407	226,878	274,582	501,460
Payments to subrecipients	1,529,870	-	-	1,529,870	7,060	1,536,930
Office supplies and equipment	225,351	8,309	112,070	345,730	151,382	497,112
Rent and utilities	32,095	6,776	20,012	58,883	312,930	371,813
Staff training and development	56,185	-	5,563	61,748	53,815	115,563
Accounting and auditing	-	-	-	-	83,561	83,561
Insurance	-	-	466	466	57,321	57,787
Travel	31,009	1,422	5,060	37,491	4,703	42,194
Dues and memberships	5,000	-	-	5,000	23,019	28,019
Printing and copying	265	1,239	-	1,504	23,434	24,938
Telephone and communication	50	-	1,410	1,460	20,911	22,371
Bank charges	-	-	35	35	5,540	5,575
Other	-	-	5,012	5,012	377	5,389
Maintenance contracts	-	-	-	-	5,021	5,021
Postage and shipping	199	394	600	1,193	-	1,193
<b>TOTAL EXPENSES</b>	<b>\$ 63,867,475</b>	<b>\$ 28,703,374</b>	<b>\$ 509,624</b>	<b>\$ 93,080,473</b>	<b>\$ 3,082,806</b>	<b>\$ 96,163,279</b>

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

**HILLSBOROUGH COUNTY SCHOOL READINESS COALITION, INC.**  
**d/b/a Early Learning Coalition of Hillsborough County, Inc.**

**STATEMENTS OF FUNCTIONAL EXPENSES (Continued)**

**Year Ended June 30, 2019**

	<b>Program Services</b>				<b>Support Services</b>	
	<b>School Readiness</b>	<b>Voluntary Pre-K</b>	<b>Other Programs</b>	<b>Total</b>	<b>Management and General</b>	<b>2019</b>
Salaries	\$ 2,092,029	\$ 182,906	\$ 152,420	\$ 2,427,355	\$ 1,494,572	\$ 3,921,927
Fringe benefits	491,348	52,846	13,726	557,920	338,794	896,714
<b>TOTAL SALARIES AND RELATED EXPENSES</b>	<b>2,583,377</b>	<b>235,752</b>	<b>166,146</b>	<b>2,985,275</b>	<b>1,833,366</b>	<b>4,818,641</b>
Payments to providers	43,399,674	28,610,049	-	72,009,723	-	72,009,723
Payments to subrecipients	4,219,314	-	-	4,219,314	434,792	4,654,106
Contractual services	476,239	-	173,611	649,850	177,621	827,471
Office supplies and equipment	15,295	-	62,592	77,887	602,244	680,131
Rent and utilities	16,922	-	1,029	17,951	355,662	373,613
Bank charges	364,960	-	694	365,654	1,548	367,202
Insurance	-	-	-	-	49,710	49,710
Travel	18,033	-	6,264	24,297	18,016	42,313
Other	-	-	26,376	26,376	15,489	41,865
Staff training and development	5,000	-	9,746	14,746	26,273	41,019
Accounting and auditing	-	1,603	50	1,653	36,523	38,176
Telephone and communication	741	-	1,421	2,162	21,780	23,942
Dues and memberships	-	-	4,201	4,201	16,750	20,951
Printing and copying	640	2,015	55	2,710	17,890	20,600
Maintenance contracts	-	-	-	-	17,654	17,654
Postage and shipping	1,079	-	193	1,272	3,090	4,362
<b>TOTAL EXPENSES</b>	<b>\$ 51,101,274</b>	<b>\$ 28,849,419</b>	<b>\$ 452,378</b>	<b>\$ 80,403,071</b>	<b>\$ 3,628,408</b>	<b>\$ 84,031,479</b>

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

**HILLSBOROUGH COUNTY SCHOOL READINESS COALITION, INC.**  
**d/b/a Early Learning Coalition of Hillsborough County, Inc.**

**STATEMENTS OF CASH FLOWS**

**Years Ended June 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
OPERATING ACTIVITIES		
Cash received from:		
Grant income	\$ 91,200,400	\$ 82,403,997
Other income	<u>3,548,727</u>	<u>394,668</u>
TOTAL CASH RECEIVED	94,749,127	82,798,665
Cash paid for:		
Program services	86,836,198	82,579,480
Administrative expenses	<u>2,979,843</u>	<u>3,794,415</u>
TOTAL CASH PAID	<u>89,816,041</u>	<u>86,373,895</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>4,933,086</u>	<u>(3,575,230)</u>
NET INCREASE (DECREASE) IN CASH	4,933,086	(3,575,230)
CASH - BEGINNING OF YEAR	<u>449,417</u>	<u>4,024,647</u>
CASH - END OF YEAR	<u><u>\$ 5,382,503</u></u>	<u><u>\$ 449,417</u></u>

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

**HILLSBOROUGH COUNTY SCHOOL READINESS COALITION, INC.**  
**d/b/a Early Learning Coalition of Hillsborough County, Inc.**

**STATEMENTS OF CASH FLOWS *(Continued)***

**Years Ended June 30, 2020 and 2019**

	<u><b>2020</b></u>	<u><b>2019</b></u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Change in net assets	<b>\$ 2,796,091</b>	<b>\$ (441,413)</b>
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Increase in grants receivable	<b>(4,210,243)</b>	<b>(791,401)</b>
Decrease (increase) in other assets	<b>102,963</b>	<b>(166,007)</b>
Increase (decrease) in accounts payable and accrued expenses	<b>6,684,154</b>	<b>5,278,155</b>
Decrease (increase) in due to School District of Hillsborough County	<b>(439,879)</b>	<b>(7,454,564)</b>
	<u><b>\$ 4,933,086</b></u>	<u><b>\$ (3,575,230)</b></u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u><b>\$ 4,933,086</b></u>	<u><b>\$ (3,575,230)</b></u>

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

**HILLSBOROUGH COUNTY SCHOOL READINESS COALITION, INC.**  
**d/b/a Early Learning Coalition of Hillsborough County, Inc.**

**NOTES TO FINANCIAL STATEMENTS**

**Years Ended June 30, 2020 and 2019**

**NOTE 1 - NATURE OF ORGANIZATION**

Hillsborough County School Readiness Coalition, Inc. d/b/a Early Learning Coalition of Hillsborough County, Inc. (the “Coalition”) is a not-for-profit corporation organized under the laws of the State of Florida. The Coalition’s role is to develop and administer a comprehensive school readiness program and Voluntary Pre-Kindergarten (“VPK”) delivery system that prepares children to succeed in school and in life. This is an ongoing process that involves building on existing services, working in cooperation with other programs for young children, and coordinating and integrating program funding to achieve efficiency and effectiveness. The Coalition provides these services primarily through recurring funding through Florida’s Office of Early Learning (“OEL”).

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES**

**Basis of Accounting**

These financial statements, which are presented on the accrual basis of accounting, have been prepared to focus on the Coalition as a whole and to present revenue, expenses, and net assets based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Net Assets Without Donor Restrictions – Net assets not subject to donor-imposed restrictions.

Net Assets with Donor Restrictions – Net assets which are subject to donor-imposed stipulations that may or will be met by actions of the Coalition and/or the passage of time. At June 30, 2020 and 2019, there were no net assets with donor restrictions.

Revenue is reported as increases in net assets without donor restrictions, unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Federal, state, and local grants are considered exchange transactions and are recorded as unrestricted revenue when earned.

Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenue of net assets without donor restrictions. Contributions are recognized when the donor makes a promise to give to the Coalition, that is, in substance, unconditional.



**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES**  
*(Continued)*

**Grants Receivable**

Grants receivable primarily represent amounts for services provided and reimbursable expenses requested from the OEL as of June 30, 2020 and 2019. Management believes that the entire balance of these receivables is collectible, based on amounts subsequently collected and prior collection history. Accordingly, no allowance for potentially uncollectible contracts, grants, or unbilled receivables is provided.

**Property and Equipment**

The Coalition capitalizes all assets acquired in excess of \$5,000 for property and equipment. Property and equipment are carried at cost for purchased assets and at fair value at date of donation for donated assets. The Coalition has no items recorded that met the capitalization requirement at June 30, 2020 and 2019.

**Revenue Recognition**

The Coalition receives substantially all of its grant revenue from federal and state agencies. Grant revenue is recognized up to the maximum amount provided in the Coalition's contracts, to the extent services were provided or expenses were incurred. Grant revenues are subject to audit by grantor agencies. Audits of these grants may result in disallowed costs, which may result in a liability to the Coalition. In the opinion of management, disallowed costs, if any, would not be material to the financial statements.

**Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statements of functional expenses. Accordingly, certain costs are directly attributed to the specific program or supporting service, and other costs have been allocated. Salaries are allocated based on actual time spent and other expenses are allocated based on direct usage or management's estimates of the benefit derived by each activity.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Income Taxes**

The Coalition is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from state income taxes under similar provisions of the Florida Income Tax Code. Accordingly, no provision for income taxes has been included in the accompanying financial statements. The Coalition is subject to the accounting standards on accounting for uncertainty in income taxes. Management does not believe it has taken any tax positions that are subject to a significant degree of uncertainty.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES**  
*(Continued)*

**New Accounting Standard Adoption and Basis of Presentation**

In 2020, the Coalition elected to adopt Accounting Standards Update ("ASU") 2020-05, *Revenue from Contracts with Customers* (Topic 606) and *Leases* (Topic 842), which extends the effect date of implementation for each of these standards for one year. The provisions of Topic 606 requires revenue to be recognized for the amount expected to be collected for the transfer of goods or services to customers. The provisions of Topic 842 requires organizations to recognize most leases on the balance sheets as lease liabilities with a right-to-use asset. Management expects to adopt Topic 606 for the year ending June 30, 2021 and Topic 842 for the year ending June 30, 2023.

**NOTE 3 - LIQUIDITY ANALYSIS**

The table below represents financial assets available to meet cash needs for general expenditures within one year at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Cash	\$ 5,382,503	\$ 449,417
Grants receivable	<u>12,430,135</u>	<u>8,219,892</u>
	<u>\$ 17,812,638</u>	<u>\$ 8,669,309</u>

As part of a cash and liquidity management policy, the Coalition structures its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

**NOTE 4 - RELATED PARTIES**

Certain members of the Board of Directors are mandated in the State of Florida School Readiness Act. These members include three personnel from the School District of Hillsborough County ("SDHC"), the Executive Director of the Children's Board of Hillsborough County ("CBHC"), the Hillsborough County Board of County Commissioners ("BOCC") county commissioner, and the general manager of the BOCC Child Care Licensing program.

Approximately \$1,035,000 and \$1,016,000 was paid by the Coalition for services provided by the SDHC and the BOCC for the years ended June 30, 2020 and 2019, respectively. The SDHC program assists eligible children and families with access to scholarships and school readiness services. The operation of this program was transitioned from the SDHC to the ELC during the year ended June 30, 2019. Payments to the BOCC are for compliance with Hillsborough County's local childcare licensing ordinance. In addition, the Coalition received matching funds from the BOCC, which are designated to be used only for the school readiness and VPK programs, of approximately \$483,000 and \$444,000 for the years ended June 30, 2020 and 2019, respectively.

The Coalition received funding from the CBHC for the local match in the school readiness program of approximately \$2,074,000 and \$2,041,000 for the years ended June 30, 2020 and 2019, respectively.

#### **NOTE 5 - DEFERRED COMPENSATION PLAN**

The Coalition sponsors a 401(k) Deferred Compensation Plan (the “Plan”) and makes both Employer Safe Harbor and Employer Profit Sharing Contributions to the Plan.

The Employer Safe Harbor portion of the Plan provides that the employer matches 100% on the first 4% contributed by the employee. Vesting is simultaneous with the contribution. Employees are allowed to contribute on a pre-tax basis, not to exceed amounts dictated by U.S. Treasury regulations.

The Employer Profit Sharing portion of the Plan provides that the Coalition contribute 6% of an employee’s salary for the fiscal year ended June 30, 2020. Vesting is 100% after six years of employment with the Coalition, with a 20% increase in vesting for each year of employment.

#### **NOTE 6 - CONCENTRATIONS AND GOVERNMENT SUPPORT**

The Coalition receives a substantial amount of support from federal, state, and local government agencies. Governmental funding for programs is subject to statutory and regulatory changes, administrative rulings, interpretations of policy, intermediary determinations, and governmental funding restrictions. A reduction in the level of future support from the federal, state or local governmental agencies could have a substantial effect on the Coalition’s programs and activities.

The Coalition receives all its federal and state program grant revenues through the OEL. In July 2018, the OEL deployed an updated version of the Single Statewide Information System that had critical flaws and data errors and as a result the OEL instructed early learning coalitions to pay providers based on estimated attendance and to perform a reconciliation and true-up once the system errors were corrected. Due to continued system issues, the Coalition was forced to do a significant manual reconciliation to estimate settlement based upon actual payment amounts with school readiness and VPK providers and reimbursement from the OEL. As of June 30, 2020, the reconciliation process was completed and the system issues were resolved.

#### **NOTE 7 - OPERATING LEASE**

The Coalition leases its office space under an operating lease. Total rent expense was approximately \$181,000 and \$322,000 for the years ended June 30, 2020 and 2019, respectively. In August 2019, the Coalition signed a new lease agreement for office space that expires in July 2026 with the ability to extend the lease for one additional term of five years. The new lease provides for a rent abatement of the first six months of the lease which was approximately \$181,000.

**NOTE 7 - OPERATING LEASE (Continued)**

Approximate future minimum lease payments under the operating lease as of June 30, 2020, are as follows:

<b>Year Ending June 30,</b>	<b>Amount</b>
2021	\$ 332,000
2022	372,000
2023	382,000
2024	394,000
2025	406,000
Thereafter	704,000
	<u>\$ 2,590,000</u>

The Coalition has the option to cancel its office space lease if the Coalition receives more than a 50% decrease in funding from the OEL in any fiscal year.

**NOTE 8 - COMMITMENTS AND CONTINGENCIES****Compliance**

The Coalition may be subject to audit examination by funding sources to determine compliance with grant conditions. In the event that expenditures would be disallowed, repayment could be required. Management believes the Coalition is in compliance with the terms of its grant agreements.

**COVID-19**

On March 11, 2020, the World Health Organization declared a new coronavirus disease (“COVID-19”) a pandemic. COVID-19 has had a severe impact on the economy in general. The extent of COVID-19’s effect on the Coalition’s operational and financial performance will depend on future developments, including the duration, spread and intensity of the pandemic, all of which are uncertain and difficult to predict considering the rapidly evolving landscape. As a result, it is not currently possible to ascertain the potential impact of COVID-19 on the Coalition. However, if the pandemic continues to evolve into a severe worldwide health crisis, the disease could have a material adverse effect on the Coalition’s business, results of operations, financial condition and cash flows. These financial statements do not include any adjustments related to the ultimate outcome of these uncertainties.

**NOTE 9 - SUBSEQUENT EVENT**

The Coalition has evaluated events and transactions for potential recognition or disclosure in the financial statements through March 31, 2021, which is the date the financial statements were available to be issued.

**HILLSBOROUGH COUNTY SCHOOL READINESS COALITION, INC.**  
**d/b/a Early Learning Coalition of Hillsborough County, Inc.**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND  
STATE FINANCIAL ASSISTANCE**

**Year Ended June 30, 2020**

<b>Federal Agency/State Agency/Pass-Through Grantor/ Program Title</b>	<b>Grant Period</b>	<b>Federal CFDA #</b>	<b>Contract #</b>	<b>Federal Expenditures</b>	<b>Transferred to Subrecipient</b>
<b>FEDERAL AWARDS</b>					
<b>U.S. Department of Health and Human Services:</b>					
<b>Child Care Development Fund (CCDF) Cluster:</b>					
<i>Passed through State of Florida Office of Early Learning</i>					
Child Care Development Block Grant	7/1/19-6/30/20	93.575	EL250	\$ 30,588,836	\$ 494,400
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	7/1/19-6/30/20	93.596	EL250	11,341,252	-
Preschool Development Grant 2019-20	7/1/19-6/30/20	93.434	EL250	268,012	-
<b>Total Child Care Development Fund (CCDF) Cluster</b>				<u>42,198,100</u>	<u>494,400</u>
<i>Passed through State of Florida Office of Early Learning</i>					
Social Services Block Grant	7/1/19-6/30/20	93.667	EL250	46,704	-
Temporary Assistance for Needy Families	7/1/19-6/30/20	93.558	EL250	15,777,071	-
<b>Total Expenditures of Federal Awards</b>				<u>58,021,875</u>	<u>494,400</u>
	<b>Grant Period</b>	<b>State CSFA #</b>	<b>Contract #</b>	<b>State Expenditures</b>	<b>Transferred to Subrecipient</b>
<b>STATE FINANCIAL ASSISTANCE</b>					
<b>State of Florida Office of Early Learning</b>					
Voluntary Pre-K	7/1/19-6/30/20	48.108	EL250	32,046,351	7,060
Unrestricted General	7/1/19-6/30/20	48.108	OA250	54,293	-
<b>Total Expenditures of State Financial Assistance</b>				<u>32,100,644</u>	<u>7,060</u>
	<b>Grant Period</b>	<b>State CSFA #</b>	<b>Contract #</b>	<b>Local Expenditures</b>	<b>Transferred to Subrecipient</b>
<b>STATE MATCHING AND LOCAL FUNDS</b>					
<b>Florida Office of Early Learning</b>					
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	7/1/19-6/30/20	93.596	EL250	1,656,727	-
Temporary Assistance for Needy Families	7/1/19-6/30/20	93.558	EL250	6,543,958	-
<b>Total State Matching and Local Funds</b>				<u>8,200,685</u>	<u>-</u>
<b>Total Federal Awards, State Financial Assistance, and Local Funds</b>				<u>\$ 98,323,204</u>	<u>\$ 501,460</u>

**HILLSBOROUGH COUNTY SCHOOL READINESS COALITION, INC.**  
**d/b/a Early Learning Coalition of Hillsborough County, Inc.**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND  
STATE FINANCIAL ASSISTANCE**

**Year Ended June 30, 2020**

**(1) General:**

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance include the grant activity of the Coalition and is presented on the 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* ("Uniform Guidance"), Chapter 10.650, *Rules of the State Auditor General*, and the Rules of the Executive Office of the Governor of the State of Florida. 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 is dictated by federal and state contract terms. The 10-percent de minimis indirect cost rate, as allowed under the Uniform Guidance, is not in effect nor is it available under these contracts.

**(2) Other State Financial Assistance Received:**

The Coalition received funding from the OEL that was not subject to Section 215.97, Florida Statutes, as follows:

<b>Florida's Office of Early Learning</b>	<b>Contract Number</b>	<b>Current Year Expenditure</b>
<b>A. Matching Funds for Federal Programs:</b>		
State Matching Funds - 93.596 School Readiness CCDF Mandatory and Matching	EL259	\$ 1,656,727
State Matching Funds - 93.558 Temporary Assistance for Needy Families	EL259	<u>6,543,958</u>
Total State Funds awarding for Matching		<u>\$ 8,200,685</u>

**(3) Reconciliation to Statewide School Readiness Data and Reporting System:**

The Coalition performs reconciliations of its financial reports to the Statewide School Readiness Data and Reporting System in a timely and satisfactory manner.

**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 Hillsborough County School Readiness Coalition, Inc.  
d/b/a Early Learning Coalition of Hillsborough County, Inc.  
Tampa, Florida

We have audited the accompanying financial statements of The Hillsborough County School Readiness Coalition, Inc. d/b/a Early Learning Coalition of Hillsborough County (the “Coalition”), as of and for the year ended June 30, 2020, and have issued our report thereon dated March 31, 2021. 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.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Coalition’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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Coalition’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 the Coalition's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 the tests disclosed no instances of noncompliance or other matters that are required to be reported under *Governmental 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**MSL, P.A.**

Certified Public Accountants

Tampa, Florida  
March 31, 2021



## INDEPENDENT AUDITOR'S MANAGEMENT LETTER

To the Board of Directors of  
The Hillsborough County School Readiness Coalition, Inc.  
d/b/a Early Learning Coalition of Hillsborough County, Inc.  
Tampa, Florida

### Report on the Financial Statements

We have audited the financial statements of The Hillsborough County School Readiness Coalition, Inc. d/b/a Early Learning Coalition of Hillsborough County (the "Coalition") as of and for the year ended June 30, 2020, and have issued our report thereon dated March 31, 2021.

### Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; Title 2 *U.S. Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"); and Chapter 10.650, *Rules of the Auditor General*.

### Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the 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 Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated March 31, 2021, should be considered in conjunction with this management letter.

### Additional Matters

Section 10.654(1)(e), *Rules of the Auditor General*, requires that we 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. The results of the tests disclosed no instances of noncompliance or other matters that are required to be reported under *Governmental Auditing Standards*.

**Purpose of the Letter**

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

***MSL, P.A.***

Certified Public Accountants

Tampa, Florida  
March 31, 2021

**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**

To the Board of Directors of  
The Hillsborough County School Readiness Coalition, Inc.  
d/b/a Early Learning Coalition of Hillsborough County, Inc.  
Tampa, Florida

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

We have audited the compliance of The Hillsborough County School Readiness Coalition, Inc. d/b/a Early Learning Coalition of Hillsborough County (the “Coalition”) with the types of compliance requirements described in the U.S. Office of Management and Budget (“OMB”) Compliance Supplement, and the requirements described in the Department of Financial Services’ State Projects Compliance Supplement, that could have a direct and material effect on each of its major federal programs and state project for the year ended June 30, 2020. The Coalition’s major federal programs and state project are identified in the summary of auditor’s results section of the accompanying Schedule of Findings and Questioned Costs.

**Management’s Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs and state project.

**Auditor’s Responsibility**

Our responsibility is to express an opinion on compliance for each of the Coalition’s major federal programs and state project 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; the audit requirements of Title 2 *U.S. Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”); and Chapter 10.650, *Rules of the Auditor General*. Those standards, the Uniform Guidance, and Chapter 10.650, *Rules of the Auditor General*, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about the Coalition’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. However, our audit does not provide a legal determination on the Coalition’s compliance with those requirements.

To the Board of Directors of  
The Hillsborough County School Readiness Coalition, Inc.  
d/b/a Early Learning Coalition of Hillsborough County, Inc.

### **Opinion on Child Care Development Fund Cluster and Voluntary Pre-Kindergarten Education Program**

In our opinion, the Coalition complied, in all material respects, with the types of compliance requirements referred to in the first paragraph that could have a direct and material effect on CFDA 93.575, CFDA 93.596, and CFDA 93.434 Child Care Development Fund Cluster and CSFA 48.108 Voluntary Pre-Kindergarten Education Program for the year ended June 30, 2020.

### **Report on Internal Control over Compliance**

The management of the Coalition is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs and the state project. In planning and performing our audit, we considered the Coalition's internal control over compliance with the requirements that could have a direct and material effect on a major federal program or state project to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with 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 the Coalition's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program or state project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or state project will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with the 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 that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Purpose of this Report**

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and 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.

**MSL, P.A.**

Certified Public Accountants

Tampa, Florida  
March 31, 2021

## Section I - Summary of Independent Auditor's Results

### ***Financial Statements***

Type of Auditor's Report Issued:

**Unmodified Opinion**

Internal control over financial reporting:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified? ☐ Yes ☒ None reported
- Noncompliance material to financial statements noted? ☐ Yes ☒ No

### ***Federal Awards***

Internal control over major programs:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified? ☐ Yes ☒ None reported

Type of report issued on compliance for major federal program:

**Unmodified**

Any audit findings disclosed that are required to be reported in accordance with Section 200.516 of the Uniform Guidance?

☐ Yes ☒ No

Identification of Major Federal Programs:

#### **CFDA Numbers**

#### **Name of Federal Program or Cluster**

93.575, 93.596, 93.434

Child Care Development Fund Cluster

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

\$1,740,656

Auditee qualified as low-risk auditee?

☒ Yes ☐ No

## Section I - Summary of Independent Auditor's Results (Continued)

### *State Financial Assistance*

Internal control over major project:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified? ☐ Yes ☒ None reported

Type of report issued on compliance for major state project: **Unmodified**

Any audit findings disclosed that are required to be reported in accordance with *Rules of the Auditor General*, Chapter 10.656? ☐ Yes ☒ No

Identification of Major State Project:

#### **CSFA Number**

48.108

#### **Name of State Project**

Voluntary Pre-Kindergarten Education Program

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

\$963,019

Florida Office of Early Learning's grant terms require auditors to test and report on whether the Coalition's monthly reconciliation of its financial records to the statewide School Readiness Data and Reporting System was completed in an accurate and timely manner. Based on our testing, we confirm that the Coalition completed the required monthly reconciliations in a timely and satisfactory manner.

## **Section II - Findings Related to the Financial Statement Audit, as Required to be Reported in accordance with *Government Auditing Standards***

None reported.

## **Section III - Findings and Questioned Costs for Federal Awards and State Financial Assistance Reported in accordance with the Uniform Guidance and *Rules of the Auditor General*, Chapter 10.650**

None reported.

## **Section IV - Prior Year Audit Findings**

### **Finding No. 2019-001 – Inability to Perform Monthly Reconciliations to the Statewide Reporting System**

Federal Programs: CFDA 93.575/93.596

Finding Type: Compliance and Significant Deficiency

In July 2018, the OEL deployed an updated version of the SSIS that had critical flaws and data errors and was not fully functional. The Coalition was unable to reconcile its school readiness monthly financial records for provider payments to the SSIS on a monthly basis. As a result, monthly reconciliations were not performed. As of June 30, 2020, the issue has been resolved and reconciliations are being performed monthly.

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

### **Finding No. 2019-002 – Inability to Perform Monthly Reconciliations to the Statewide Reporting System**

State Projects: CSFA: 48.108

Finding Type: Compliance and Significant Deficiency

In July 2018, the OEL deployed an updated version of the SSIS that had critical flaws and data errors and was not fully functional. The Coalition was unable to reconcile its school readiness monthly financial records for provider payments to the SSIS on a monthly basis. As a result, monthly reconciliations were not performed. As of June 30, 2020, the issue has been resolved and reconciliations are being performed monthly.