SANTA ROSA COUNTY SCHOOL READINESS COALITION, INC. d/b/a EARLY LEARNING COALITION OF SANTA ROSA COUNTY

Financial Statements and Supplemental Information

Years Ended June 30, 2021 and 2020

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Santa Rosa County School Readiness Coalition, Inc.
Milton, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Santa Rosa County School Readiness Coalition, Inc. (a nonprofit organization), d/b/a Early Learning Coalition of Santa Rosa County, which comprise the statements of financial position as of June 30, 2021, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Santa Rosa County School Readiness Coalition, Inc. as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and State of Florida Chapter 10.650, *Rules of the Auditor General*, and special audit guidance provided by the Division of Early Learning, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited Santa Rosa County School Readiness Coalition, Inc.'s financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 9, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 10, 2022, on our consideration of Santa Rosa County School Readiness Coalition, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Santa Rosa County School Readiness Coalition, 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 Santa Rosa County School Readiness Coalition, Inc.'s internal control over financial reporting and compliance.

Moss, Krusick & Associates, LLC

Winter Park, Florida
February 10, 2022

Santa Rosa County School Readiness Coalition, Inc.
d/b/a Early Learning Coalition of Santa Rosa County

STATEMENTS OF FINANCIAL POSITION

June 30, 2021 and 2020

ASSETS

	2021	2020
Current assets		
Cash and cash equivalents	$ 638,181	$ 722,065
Grants receivable	184,111	623,659
Prepaid expenses	17,784	18,182
Total current assets	840,076	1,363,906
Furniture and equipment, net	-	1,269
Other assets	4,603	4,603
Total assets	$ 844,679	$ 1,369,778

LIABILITIES AND NET ASSETS

Current liabilities		
Accounts payable	$ 171,832	$ 76,454
Due to service providers	453,071	1,059,621
Accrued liabilities	64,778	85,211
Deferred revenue	9,836	9,012
Total current liabilities	699,517	1,230,298
Net assets		
Without Donor Restrictions	145,162	139,480
Total liabilities and net assets	$ 844,679	$ 1,369,778

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

Santa Rosa County School Readiness Coalition, Inc.
d/b/a Early Learning Coalition of Santa Rosa County

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

Years Ended June 30, 2021 and 2020

	2021	2020
PUBLIC SUPPORT AND REVENUE		
Federal awards	$ 6,140,493	$ 4,994,118
State financial assistance	2,239,392	2,563,621
Local match	47,173	56,800
Other income	75,022	121,907
Total public support and revenue	8,502,080	7,736,446
EXPENSES		
Program services		
School readiness	6,039,256	4,928,851
Voluntary pre-kindergarten	2,180,955	2,504,153
Other	10,478	19,435
Total program services	8,230,689	7,452,439
Supporting services		
Administrative and general	265,709	286,104
Total expenses	8,496,398	7,738,543
Increase (decrease) in net assets	5,682	(2,097)
Net assets, beginning of year	139,480	141,577
Net assets, end of year	$ 145,162	$ 139,480

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

Santa Rosa County School Readiness Coalition, Inc.
d/b/a Early Learning Coalition of Santa Rosa County

STATEMENTS OF FUNCTIONAL EXPENSES

Years Ended June 30, 2021 and 2020
(with summarized financial information for the year ended June 30, 2020)

	2021					2020
	School Readiness	Voluntary Pre-Kindergarten	Other	Administrative and General	Total Expenses	Total Expenses
Contract services	$ 5,022,026	$ 2,177,356	$ 3,282	$ -	$ 7,202,664	$ 6,627,760
Salaries	487,285	2,753	149	195,757	685,944	667,625
Materials and supplies	436,312	-	6,517	3,501	446,330	268,675
Rent and utilities	44,759	374	-	17,869	63,002	53,628
Professional and technical	12,156	128	-	29,424	41,708	51,212
Communications	15,918	119	6	6,165	22,208	22,651
Furniture and equipment	11,309	63	-	3,201	14,573	18,149
Insurance and bond premiums	1,412	11	-	3,220	4,643	4,978
Miscellaneous	1,071	-	519	2,802	4,392	2,480
Dues and subscriptions	1,266	9	-	1,815	3,090	2,982
Travel	2,038	129	5	331	2,503	12,612
Training and education	2,298	-	-	27	2,325	1,643
Repairs and maintenance	1,232	13	-	328	1,573	1,665
Depreciation	-	-	-	1,269	1,269	1,782
Advertising	174	-	-	-	174	701
Total expenses	$ 6,039,256	$ 2,180,955	$ 10,478	$ 265,709	$ 8,496,398	$ 7,738,543

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

Santa Rosa County School Readiness Coalition, Inc.
d/b/a Early Learning Coalition of Santa Rosa County

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	$ 5,682	$ (2,097)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	1,269	1,782
Decrease (increase) in assets		
Grants receiveable	439,548	(487,776)
Prepaid expenses	398	(513)
Other assets	-	(1,768)
Increase (decrease) in liabilities		
Accounts payable	95,378	72,779
Due to service providers	(606,550)	714,561
Accrued liabilities	(20,433)	31,533
Deferred revenue	824	878
Net cash provided by (used in) operating activities	(83,884)	329,379
Net increase (decrease) in cash	(83,884)	329,379
Cash at beginning of year	722,065	392,686
Cash at end of year	$ 638,181	$ 722,065

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

NOTE A – NATURE OF ORGANIZATION

The Santa Rosa County School Readiness Coalition, Inc., d/b/a Early Learning Coalition of Santa Rosa County (the "Coalition"), is a not-for-profit organization incorporated in the State of Florida in 1999 as a result of the implementation of the School Readiness Act, Chapter 411 Florida Statutes. Its primary purpose is to provide a program to prepare pre-school children in Santa Rosa County, Florida to enter kindergarten ready to learn. The Coalition is required to implement a comprehensive program of readiness services that enhance the cognitive, social, and physical development of children to achieve performance standards and outcome measures specified by the State.

The majority of the revenues are received from federal and state sources through Florida's Division of Early Learning ("DEL"). Other revenues are through local sources.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Basis of presentation

The accompanying financial statements and accompanying schedules have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Coalition reports information regarding its financial position and activities according to two classes of net assets as follows:

Net Assets Without Donor Restrictions

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

Net Assets With Donor Restrictions

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

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

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2. Comparative information

   The financial statements include certain prior-year summarized information in total but not by net asset class or function. Such information does not constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Coalition's financial statements for the year ended June 30, 2020 from which the summarized information was derived.

3. Cash and cash equivalents

   For purposes of the statements of cash flows, the Coalition considers all unrestricted, highly liquid investments with an initial maturity of three months or less to be cash equivalents.

4. Functional allocation of expenses

   The cost of program and supporting services activities have been summarized on a functional basis in the statements of activities and changes in net assets. The statement of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

   Administration and General: This designation includes the functions necessary to maintain the Coalition's programs and activities; to provide coordination and articulation of the Coalition's program strategy through oversight of an executive director; to secure the proper administrative functioning of the Board; and to manage the financial and budgetary responsibilities of the Coalition.

   Programs Services: The following programs are included in the accompanying financial statements:

   School Readiness – This program provides for early education and care for children of families with limited incomes and enables parents to gain and/or sustain their economic self-sufficiency through maintenance of employment or participation in job skill/vocational training leading to employment. The program provides for the needs of children from low income families that are working, children from families that are transitioning from welfare to self-sufficiency, and children that are under protective supervision or in foster care placement. Program participants have access to health, developmental, educational screenings and other support services. Caregivers are held accountable for providing safe learning environments that nurture and cultivate the child's cognitive, language, motor, social, and self-help skills. All services are provided in accordance with the Santa Rosa County School Readiness Plan and state and federal laws and regulations.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4. Functional allocation of expenses (continued)

   Voluntary Pre-Kindergarten – This program consists of state mandated dollars used to support a voluntary pre-kindergarten program for all four-year-old children. Funding is based on a base student allocation per full-time equivalent student in the Voluntary Pre-Kindergarten Education program and is determined at the state level.

5. 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

6. Grants receivable

   The receivable from DEL consists of grants due from federal and state governmental agencies and are recorded when services are provided. The grants receivable as of June 30, 2021 and 2020 are due in less than one year and management believes they are fully collectible.

7. Credit risk

   Financial instruments, which potentially expose the Coalition to concentrations of credit risk, consist principally of cash bank deposits. The Coalition's policy is to place its cash investments in accounts with high quality financial institutions which are Federal Deposit Insurance Corporation insured, which provide coverage on balances up to $250,000 per depositor per institution.

   The Coalition maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Coalition has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on cash and cash equivalents. The Coalition acknowledges that balances over the insured amount are subject to risk.

8. Revenue recognition

   In May 2014, the Financial Accounting Standards board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (ASC 606), which prescribes a single, common revenue standard to replace most existing revenue recognition guidance, including most industry-specific requirements. The standard outlines a five-step model whereby revenue is recognized as performance obligations within a contract are satisfied.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

8. Revenue recognition (continued)

   In June 2018, the FASB issued ASU No. 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASC 958), which clarifies how transactions should be accounted for as contributions (nonreciprocal transactions) or exchange transactions and whether a contribution is conditional.

   The Coalition adopted ASC 606 and ASC 958 and all related amendments effective July 1, 2019. The adoption of the new standards had no significant impact on the Coalition's financial statements.

   Revenue from government grants is recorded when earned, which is generally when the allowable costs of the specific grant provisions have been incurred or the performance of services rendered. Such revenue is subject to audit by the grantor and, if the examination results in a deficiency of allowable expenses, the Coalition will be required to refund any deficiencies. Management is of the opinion that all monies recognized as revenue have been earned as of June 30, 2021. These amounts are reflected as revenue without donor restrictions if received and expended in the same year.

   Revenue from program fees are recognized when the earnings process is substantially complete and goods have been delivered or services performed. Revenues from program fees are recognized in the year to which they relate. As part of the Voluntary Pre-Kindergarten grants, the Coalition receives advances on revenue which are to be repaid to the state.

9. Property and equipment

   The Coalition's policy is to capitalize property and equipment with a cost in excess of $1,000 and a useful life greater than one year. Depreciation is provided on a straight-line basis over the estimated useful life of five years.

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

10. Income taxes

    The Coalition is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code; therefore, no income tax provision is required in the accompanying financial statements. The Coalition is not classified as a private foundation. Contributions to the Coalition are qualified as deductions for charitable contributions.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

10. Income taxes (continued)

Management has analyzed the Coalition's various federal and state filing positions and believes that its income tax filing positions and deductions are well documented and supported, and no accruals for tax liabilities are necessary. Therefore, no reserves for uncertain income tax positions have been recorded.

11. Donated service, materials, and facilities

Donated services, materials, and facilities that are measurable are recorded as support at their fair market values at the date of receipt by the Coalition. A corresponding amount is recorded as expense or property and equipment. Donated materials (books) and services totaled $53,520 and $3,500 for the year ended June 30, 2021, respectively. Donated materials (books) and services totaled $85,287 and $28,378 for the year ended June 30, 2020, respectively.

12. Advertising

Advertising costs are charged to expense as incurred. For the years ended June 30, 2021 and 2020, advertising expense charged to operations was $174, and $701, respectively.

13. Recent accounting pronouncements

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

13. Recent accounting pronouncements (continued)

In February 2016, the FASB issued ASU 2016-02, *Leases*, that requires lessees to put most leases on their balance sheets and recognize expenses on their income statements in a manner similar to today's capital lease accounting. For lessors, the guidance modifies the classification criteria for accounting for sales-type and direct financing leases. The new guidance is effective for fiscal years beginning after December 15, 2021. Early adoption is permitted. The Coalition is evaluating the potential effects ASU 2016-02 will have on its financial statements.

14. Subsequent events

Management has evaluated the effect subsequent events would have on the financial statements through the date of these financial statements were available to be issued on February 10, 2022.

NOTE C – FURNITURE AND EQUIPMENT

Furniture and equipment at June 30 are summarized as follows:

	2021	2020
Furniture and equipment	$ 34,894	$ 34,894
Less: accumulated depreciation	(34,894)	(33,625)
	$ -	$ 1,269

Depreciation expense for the years ended June 30, 2021 and 2020 totaled $1,269 and $1,782, respectively.

NOTE D – CONCENTRATIONS

1. Economic dependency

The Coalition received substantially all of its revenue from federal and state contracts during the years ended June 30, 2021 and 2020. The continuance of state and federal funding is subject to annual legislative budgetary review.

2. Concentration of credit risk

The activities of the Coalition are conducted in Santa Rosa County, Florida and are supported by funding provided by government agencies. Expenditures incurred by the Coalition associated with the execution of various grants are subject to audit and possible disallowance by the grantor agency. The Coalition would be held responsible for recovery (reimbursement to the grantor agency) of disallowed amounts. Management believes that if audited, any adjustment for disallowed expenses would be immaterial in amount.

NOTE E – COMMITMENTS AND CONTINGENCIES

1. The Coalition has entered into several operating leases for commercial office space as well as office equipment in Milton and Gulf Breeze, Florida. The Milton and Gulf Breeze office leases expire on September 30, 2022 and May 31, 2023, respectively. In general, lease rates increase by 3% on each anniversary date of the leases.

   Future minimum annual rent payments for all operating leases are as follows for the fiscal years ending June 30,

2022	$ 50,985
2023	26,343
	$ 77,328

   Rent expense, included in rent and utilities on the Statements of Functional Expenses, for the years ended June 30, 2021 and 2020 was $48,838 and $38,850, respectively, for the leased office space and other operating leases.

2. On June 30, 2021, the Coalition entered into a funding agreement with DEL for the fiscal year ending June 30, 2022. DEL awarded the Coalition $4,784,547 to be expended for school readiness programs and services as described in the Coalition's School Readiness Plan. The Coalition's School Readiness Plan provides for a comprehensive program of readiness services that enhance the cognitive, social, physical development of children to achieve the performance standards and outcome measures as specified by DEL. DEL also awarded the Coalition $2,725,200 for the Voluntary Pre-Kindergarten program.

NOTE F – RETIREMENT PLAN

The Coalition established on August 1, 2009 a tax deferred retirement plan effective for all qualifying employees. All regular full time employees are eligible to participate in the plan. The plan includes a 401K match fund for participating employees in an amount at the discretion of the Coalition and are determined on an annual basis. Matching contributions vest over a 6-year period. Matching contributions for the plan for the years ended June 30, 2021 and 2020 was $36,735 and $24,164, respectively.

NOTE G – FUNCTIONAL EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include rent and utilities, and repairs and maintenance, which are allocated on a square footage basis, as well as salaries, professional and technical, and training and education, which are allocated on the basis of estimates of time and effort.

NOTE H – SCHEDULE OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

The schedule of expenditures of federal awards and state financial assistance follows the accrual basis of accounting. Accounting principles generally accepted in the United States of America require recognition of the expenditures in the period incurred and recognition of the corresponding reimbursement once the amount is earned and collection is certain. Reconciliations of the schedule of expenditures of federal awards and state financial assistance to federal and state expenditures included in the statement of activities is as follows:

Federal expenditures – schedule of federal awards and state financial assistance	$	6,141,782
Less: federal refunds / adjustments remitted back to funder		(1,289)
Total federal expenditures – statements of activities and changes in net assets	$	6,140,493
State expenditures – schedule of federal awards and state financial assistance	$	2,309,609
Less: state refunds / adjustments remitted back to DEL		(70,217)
Total state expenditures – statements of activities and changes in net assets	$	2,239,392

NOTE I – LIQUIDITY AND AVAILABILITY OF RESOURCES

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

	2021	2020
Cash and cash equivalents	$ 638,181	$ 722,065
Grants receivable	184,111	623,659
Total financial assets available within one year	822,292	1,345,724
Less:		
Accounts payable	(171,832)	(76,454)
Due to service providers	(453,071)	(1,059,621)
Accrued liabilities	(64,778)	(85,211)
Deferred revenue	(9,836)	(9,012)
Total amounts unavailable for general expenditures within one year	(699,517)	(1,230,298)
Total financial assets available to management for general expenditure within one year	$ 122,775	$ 115,426

As part of the Coalition's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations as they come due. The Coalition receives approximately 98% of its funding from federal and state grants passed through DEL for the years ended June 30, 2021 and 2020, which are on a reimbursable basis. Throughout the year, the Coalition receives advances and reimbursements each month to cover incurred expenses.

NOTE J – RISK AND UNCERTAINTY

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Coalition's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation.

SUPPLEMENTAL INFORMATION

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

To the Board of Directors of
Santa Rosa County School Readiness Coalition, Inc.
Milton, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Santa Rosa County School Readiness Coalition, Inc. (the "Coalition") (a nonprofit organization), d/b/a Early Learning Coalition of Santa Rosa County, which comprise the statement of financial position as of June 30, 2021, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 10, 2022.

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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Moss, Krusick & Associates, LLC

Winter Park, Florida
February 10, 2022

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Florida Institute of Certified Public Accountants

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

To the Board of Directors of
Santa Rosa County School Readiness Coalition, Inc.
Milton, Florida

Report on Compliance for Each Major Federal Program and State Project

We have audited Santa Rosa County School Readiness Coalition, Inc. (the "Coalition") d/b/a Early Learning Coalition of Santa Rosa County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement,* and the requirements described in the *Department of Financial Services'* State Projects Compliance Supplement, and special audit guidance provided by the Division of Early Learning that could have a direct and material effect on each of Santa Rosa County School Readiness Coalition, Inc.'s major federal programs and state projects for the year ended June 30, 2021. The Coalition's major federal programs and state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Coalition's major federal programs and state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), Chapter 10.650, *Rules of the Auditor General*, and special audit guidance provided by Division of Early Learning. Those standards and the Uniform Guidance, and State of Florida 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 Santa Rosa County School Readiness Coalition, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program and state project. However, our audit does not provide a legal determination of Santa Rosa County School Readiness Coalition, Inc.'s compliance.

Opinion on Each Major Federal Program and State Project

In our opinion, Santa Rosa County School Readiness Coalition, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state project for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of Santa Rosa County School Readiness Coalition, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Santa Rosa County School Readiness Coalition, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state project and to test and report on internal control over compliance in accordance with the Uniform Guidance, and Chapter 10.650, *Rules of the Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Santa Rosa County School Readiness Coalition, Inc.'s internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance, and Chapter 10.650, *Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose.

Moss, Krusick & Associates, LLC

Winter Park, Florida
February 10, 2022

Santa Rosa County School Readiness Coalition, Inc. d/b/a
Early Learning Coalition of Santa Rosa County

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

June 30, 2021

Section I – Summary of Auditors' Results

Financial Statements

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

Federal Awards

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

Identification of major programs:

Name of Federal Programs	ALN
Temporary Assistance for Needy Families	93.558
Child Care and Development Block Grant	93.575
Child Care Mandatory & Matching Funds of the Child Care and Development Fund	93.596

Santa Rosa County School Readiness Coalition, Inc. d/b/a
Early Learning Coalition of Santa Rosa County

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

June 30, 2021

Section I – Summary of Auditors' Results (continued)

State Financial Assistance

1. Type of auditors' report issued on compliance for major projects:	Unmodified
2. Internal control over major projects:	
a. Material weakness(es) identified?	No
b. Significant deficiencies identified that are not considered to be material weaknesses?	None reported
3. Audit findings disclosed that are required to be reported in accordance with the Florida Single Audit Act and Chapter 10.650, *Rules of the Auditor General*	No
4. Dollar threshold used to distinguish between Type A and Type B projects	$692,882

Identification of major projects:

Name of State Project	CSFA Number
Voluntary Pre-Kindergarten Education Program	48.108

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

1. EFS Mod reconciled monthly	Yes
2. Processes in place to identify and correct errors during monthly reconciliations to EFS Mod	Yes
3. Coalition's financial records reconcile and agree to EFS Mod records as of program year ended June 30, 2021	Yes
4. Audit work papers documenting verification of reconciliations available to DEL staff	Yes

Section III – Financial Statement Findings

No current year findings (no corrective action plan or management letter required)

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

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

Section V – Status of Prior Year Audit Findings

There were no prior year audit findings.

Santa Rosa County School Readiness Coalition, Inc. d/b/a
Early Learning Coalition of Santa Rosa County

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

Year Ended June 30, 2021

Grantor/Program Title	ALN CSFA #	Award Number	Expenditures
Federal Awards:			
U.S. Department of Health and Human Services			
Passed through State of Florida's Division of Early Learning for School Readiness			
Child Care and Development Block Grant	93.575	EL441	$ 2,384,640
Child Care and Development Block Grant - CARES Act	93.575	EL441	1,561,934
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	EL441	993,928
Total Child Care and Development Fund Cluster			4,940,502
Temporary Assistance for Needy Families	93.558	EL441	908,620
Preschool Development Grant	93.434	EL441	39,676
Social Services Block Grant	93.667	EL441	2,984
U.S. Department of the Treasury			
Passed through Santa Rosa County Board of Commissioners			
Coronavirus Relief Fund	21.019		250,000
Total Expenditures of Federal Awards			$ 6,141,782
State Financial Assistance:			
State of Florida Department of Education			
Passed through State of Florida's Division of Early Learning			
Voluntary Pre-Kindergarten Services	48.108	EL441	$ 2,305,974
Voluntary Pre-Kindergarten Services	48.108	EL442	36
Outreach, Awareness and Monitoring	48.108	OA441	3,599
Total Expenditures of State Financial Assistance			$ 2,309,609
Total Expenditures of Federal Awards and State Financial Assistance			$ 8,451,391

Basis of Presentation

The accompanying schedule of expenditures of federal awards and state financial assistance 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), State of Florida Chapter 10.650, *Rules of the Auditor General*, and the Department of Financial Services' *State Projects Compliance Supplement*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Indirect Cost Rates

The Coalition has elected to not use the 10% de minimis indirect cost rate for its federal programs and state projects for the year ended June 30, 2021. The indirect costs rates used on the Coalition's federal programs and state projects are determined by the relevant federal or state agency.

See independent auditors' report