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, 2023 and 2022

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

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 statement of financial position as of June 30, 2023, 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.

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

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Santa Rosa County School Readiness Coalition, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Supplementary 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 schedule of expenditures of federal awards and state financial assistance 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 February 14, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the 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 March 21, 2024, 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
March 21, 2024

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

STATEMENTS OF FINANCIAL POSITION

June 30, 2023 and 2022

ASSETS

	2023	2022
Current assets		
Cash and cash equivalents	$ 858,426	$ 680,677
Grants receivable	112,091	57,933
Prepaid expenses	22,081	20,922
Total current assets	992,598	759,532
Operating right-of-use asset	170,382	-
Other assets	6,883	9,197
Total assets	$ 1,169,863	$ 768,729

LIABILITIES AND NET ASSETS

Current liabilities		
Accounts payable	$ 390,994	$ 181,932
Due to service providers	384,378	354,865
Accrued liabilities	70,368	77,080
Deferred revenue	9,839	9,836
Operating lease liability	81,576	-
Total current liabilities	937,155	623,713
Non-current operating lease liability	97,636	-
Total liabilities	1,034,791	623,713
Net assets		
Without Donor Restrictions	135,072	145,016
Total liabilities and net assets	$ 1,169,863	$ 768,729

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, 2023 and 2022

	2023	2022
PUBLIC SUPPORT AND REVENUE		
Federal awards	$ 12,608,954	$ 6,779,890
State financial assistance	3,419,796	2,556,000
Local match	46,798	46,800
Other income	15,457	10,405
Contributed non-financial assets	42,946	13,603
Total public support and revenue	16,133,951	9,406,698
EXPENSES		
Program services		
School readiness	4,600,461	6,620,166
American rescue plan act	7,828,063	-
Voluntary pre-kindergarten	3,314,536	2,478,697
Other	16,819	2,893
Total program services	15,759,879	9,101,756
Supporting services		
Administrative and general	384,016	305,088
Total expenses	16,143,895	9,406,844
Change in net assets	(9,944)	(146)
Net assets, beginning of year	145,016	145,162
Net assets, end of year	$ 135,072	$ 145,016

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, 2023 and 2022
(with summarized financial information for the year ended June 30, 2022)

	2023						2022
	School Readiness	American Rescue Plan Act	Voluntary Pre-Kindergarten	Other	Administrative and General	Total Expenses	Total Expenses
Contract services	$ 3,780,149	$ 7,751,118	$ 3,298,738	$ 1,190	$ 4,652	$ 14,835,847	$ 8,302,634
Salaries	476,213	-	13,379	1,083	277,565	768,240	705,941
Materials and supplies	166,100	76,900	-	4,098	1,500	248,598	191,134
Rent and utilities	67,299	-	336	8,866	33,538	110,039	63,068
Professional and technical	12,667	-	16	-	33,579	46,262	47,402
Non-financial expenses	41,446	-	-	-	1,500	42,946	13,603
Communications	15,331	45	77	-	8,200	23,653	21,695
Furniture and equipment	11,493	-	50	150	6,299	17,992	16,704
Travel	9,009	-	1,103	-	5,192	15,304	14,634
Miscellaneous	6,957	-	-	1,351	3,953	12,261	15,260
Repairs and maintenance	5,521	-	12	-	2,229	7,762	1,392
Training and education	5,010	-	825	-	230	6,065	5,510
Insurance and bond premiums	1,590	-	-	-	3,859	5,449	4,903
Dues and subscriptions	1,676	-	-	81	1,720	3,477	2,964
Total expenses	$ 4,600,461	$ 7,828,063	$ 3,314,536	$ 16,819	$ 384,016	$ 16,143,895	$ 9,406,844

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, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (9,944)	$ (146)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Non-cash rent	8,830	-
Decrease (increase) in assets		
Grants receiveable	(54,158)	126,178
Prepaid expenses	(1,159)	(3,138)
Other assets	2,314	(4,594)
Increase (decrease) in liabilities		
Accounts payable	209,062	10,100
Due to service providers	29,513	(98,206)
Accrued liabilities	(6,712)	12,302
Deferred revenue	3	-
Net cash provided by operating activities	177,749	42,496
Net increase in cash	177,749	42,496
Cash at beginning of year	680,677	638,181
Cash at end of year	$ 858,426	$ 680,677
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES		
ROU Asset - implementation	$ 251,198	$ -
Lease Liability - implementation	(251,198)	-

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, 2022 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, 2023 and 2022 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

   The Coalition follows Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (ASC 606), which outlines a five-step model whereby revenue is recognized as performance obligations within a contract are satisfied, and ASU No. 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASC 958-605), which clarifies how transactions should be accounted for as contributions (nonreciprocal transactions) or exchange transactions and whether a contribution is conditional.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

8. Revenue recognition (continued)

   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, 2023. 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 $5,000 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.

    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. Contributed non-financial assets

    In September 2020, the FASB issued ASU No. 2020-07, Not-for-Profit Entities (Topic 958): *Presentation and Disclosures by Not-for-Profit Entities for Contributed Non-financial Assets*, which requires the monitoring and tracking of gifts in kind by asset category, while also noting any donor-imposed restrictions. The Coalition adopted ASU No. 2020-07 effective July 1, 2021. The adoption has no significant impact on the Coalition's financial statements.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

11. Contributed non-financial assets (continued)

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 $41,446 and $1,500 for the year ended June 30, 2023, respectively. Donated materials (books) and services totaled $10,103 and $3,500 for the year ended June 30, 2022, respectively.

12. Advertising

Advertising costs are charged to expense as incurred.

13. Implemented accounting pronouncements

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. The guidance also eliminates today's real estate specific provisions for all entities. For lessors, the guidance modifies the classification criteria for accounting for sales-type and direct financing leases. The Coalition adopted the lease standard effective July 1, 2022 as disclosed in Note F.

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 March 21, 2024.

NOTE C – FURNITURE AND EQUIPMENT

Furniture and equipment at June 30 are summarized as follows:

	2023	2022
Furniture and equipment	$ 29,925	$ 34,894
Less: accumulated depreciation	(29,925)	(34,894)
	$ -	$ -

Depreciation expense for the years ended June 30, 2023 and 2022 totaled $0.

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, 2023 and 2022. 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 – 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, 2023 and 2022 was $14,231 and $34,716, respectively.

NOTE F – COMMITMENTS AND CONTINGENCIES

1. On June 30, 2023, the Coalition entered into a funding agreement with DEL for the fiscal year ending June 30, 2024. DEL awarded the Coalition $10,530,314 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 $3,086,470 for the Voluntary Pre-Kindergarten program.

NOTE F – COMMITMENTS AND CONTINGENCIES (continued)

2. As disclosed in Note B, the Coalition adopted FASB ASU 2016-02. The Coalition leases its office spaces under operating leases. These leases are the only leases required to be included on the statement of financial position under FASB ASU 2016-02. As a result, adopting FASB ASU 2016-02 had no impact to prior year statement of financial position information, and because the leases are operating leases, the adoption of this standard has no impact on the results of operations.

   The Coalition has elected to apply the short term lease exception to all leases with a term of one year or less. As of June 30, 2023, the Coalition had no short-term leases. As of June 30, 2023, the right-of-use (ROU) asset had a balance of $170,382, as shown in the statement of financial position; the lease liability is included in current liabilities ($81,576) and long-term liabilities ($97,636). The lease asset and liability were calculated utilizing the risk-free weighted-average discount rate (4.46%), according to the Coalition's elected policy.

   Additional information about the Coalition's leases are as follows:

Lease cost (included in rent):	
Operating lease cost	$ 89,689
Total lease cost	$ 89,689
Other information:	
Cash paid for amounts included in measuring operating lease liability:	
Operating cash flows from operating lease	$ 80,859
Total cash paid for amounts included in measuring operating lease liability	$ 80,859
Weighted-average remaining lease terms (years)	6.25
Weighted-average discount rate	4.46%

   The difference between occupance expense and occupancy paid is non-cash rent.

Maturities of operating lease liabilities as of June 30 are as follows:	
2024	$ 87,913
2025	89,318
2026	10,978
Total lease payments	188,209
Less: interest	8,997
Present value of lease liability	$ 179,212

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 – 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:

	2023	2022
Cash and cash equivalents	$ 858,426	$ 680,677
Grants receivable	112,091	57,933
Total financial assets available within one year	970,517	738,610
Less:		
Accounts payable	(390,994)	(181,932)
Due to service providers	(384,378)	(354,865)
Accrued liabilities	(70,368)	(77,080)
Deferred revenue	(9,839)	(9,836)
Total amounts unavailable for general expenditures within one year	(855,579)	(623,713)
Total financial assets available to management for general expenditure within one year	$ 114,938	$ 114,897

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 99% and 98% of its funding from federal and state grants passed through DEL for the years ended June 30, 2023 and 2022, which are on a reimbursable basis. Throughout the year, the Coalition receives advances and reimbursements each month to cover incurred expenses.

SUPPLEMENTAL INFORMATION

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

To the Board of Directors of
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, 2023, and the related statements of activities and the 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 March 21, 2024.

Report on 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 or significant deficiencies may exist that were not identified.

Report on 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
March 21, 2024

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Florida Institute of Certified Public Accountants

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

Opinion on 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 identified in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Coalition's major federal programs and state projects for the year ended June 30, 2023. The Coalition's major federal programs and state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Coalition 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 or state projects for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program and State Project

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Coalition and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program and state project. Our audit does not provide a legal determination of the Coalition's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

Auditor's Responsibilities for the Audit of Compliance (continued)

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

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

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and Chapter 10.650, *Rules of Auditor General,* which are described in the accompanying schedule of findings and questioned costs as item 2023-001. Our opinion on each major federal program and state project are not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the Coalition's response to the noncompliance finding identified in our audit described in the accompanying schedule of findings and questioned costs. The Coalition's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program or state project on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-001 to be a significant deficiency.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of 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
March 21, 2024

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, 2023

Section I – Summary of Auditor's Results

Financial Statements

1. Type of auditor's 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 auditor's 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?	Yes
3. Audit findings disclosed that are required to be reported in accordance with Uniform Guidance?	Yes
4. Dollar threshold used to distinguish between Type A and Type B programs	$750,000
5. Auditee qualified as low-risk auditee?	Yes

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, 2023

Section I – Summary of Auditor's Results (continued)

State Financial Assistance

1. Type of auditor's 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	$750,000

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, 2023	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.

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, 2023

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

Findings and Questioned Costs – Major Federal Programs

Finding 2023-001: Internal Control over Compliance and Compliance with Monitoring

Federal Programs: ALN 93.575 American Recovery Plan Act

Criteria: In accordance with the grant agreement and Division of Early Learning (DEL) Program Guidance 240.21, *COVID-19 Crisis*, the Coalition is required to perform sampling and monitoring of service providers who receive subgrants under the American Recovery Plan Act (ARPA). Sampling and monitoring are to be completed on a quarterly basis using DEL provided sampling guidance.

Condition: The Coalition did not timely complete the sampling and monitoring of providers for the third and fourth quarters as required by DEL.

Cause: Sampling and monitoring of the providers was delayed due to personnel turnover at the Coalition.

Effect: The Coalition did not meet grant agreement and DEL Program Guidance requirements related to ARPA subgrant funding.

Recommendation: We recommend the Coalition establish procedures to allocate resources to ensure that compliance with monitoring requirements is performed timely.

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

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, 2023

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	EL443	$ 2,217,598
Coronavirus Response and Relief Supplemental Appropriation Funds	93.575	EL443	162,705
Coronavirus Response and Relief Supplemental Appropriation Funds	93.575	EL444	6,047
American Rescue Plan Act	93.575	EL443	8,474,657
American Rescue Plan Act	93.575	EL444	34,626
Coronavirus Aid, Relief, and Economic Security Act	93.575	EL443	4,913
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	EL443	1,213,126
Total Child Care and Development Fund Cluster			12,113,672
Temporary Assistance for Needy Families	93.558	EL443	971,419
Preschool Development Grant	93.434	EL443	375
Social Services Block Grant	93.667	EL443	2,302
Total Expenditures of Federal Awards			$ 13,087,768
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	EL443	$ 2,937,399
Voluntary Pre-Kindergarten Services	48.108	EL444	3,157
Total Expenditures of State Financial Assistance			$ 2,940,556
Total Expenditures of Federal Awards and State Financial Assistance			$ 16,028,324

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, 2023. 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 auditor's report

Early Learning Coalition of Santa Rosa County

MANAGEMENT'S CORRECTIVE ACTION PLAN

3.21.2024

Finding 2023-001: Internal Control over Compliance and Compliance with Monitoring

Responsible Official's Response and Corrective Action Plan

Management has taken corrective action to ensure that monitoring is completed timely in compliance with grant and DEL Program Guidance.

Anticipated Completion Date: March 2024

Responsible Party: Melissa Stuckey, Chief Executive Officer

Signature: Melissa Stuckey

Title: Chief Executive Officer

Date: March 21, 2024

6479 Caroline Street, Suite A
Milton FL 32570