




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

**Independent Auditor's Report and Financial
Statements**

June 30, 2024 and 2023



Hillsborough County School Readiness Coalition, Inc.
d/b/a Early Learning Coalition of Hillsborough County, Inc.
Contents
June 30, 2024 and 2023

Independent Auditor’s Report..... 1

Financial Statements

 Statements of Financial Position..... 4

 Statements of Activities 5

 Statements of Functional Expenses..... 6

 Statements of Cash Flows 8

 Notes to Financial Statements 10

Schedule of Expenditures of Federal Awards and State Financial Assistance..... 15

Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance 16

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* 17

Independent Auditor’s Management Letter 19

Independent Auditor’s Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control Over Compliance in Accordance with the Uniform Guidance and Chapter 10.650, *Rules of the Auditor General* 21

Schedule of Findings and Questioned Costs..... 24

Independent Auditor's Report

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

Opinion

We have audited the financial statements of The Hillsborough County School Readiness Coalition, Inc. d/b/a Early Learning Coalition of Hillsborough County (the "Coalition"), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Coalition as of June 30, 2024, and the results of its activities and its cash flows for the year then ended in conformity 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. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and on Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. 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 the Coalition 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.

Prior year Audited by Other Auditors

The 2023 financial statements were audited by other auditors, and their report thereon dated March 27, 2024, expressed an unmodified 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 the Coalition'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 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, 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, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Coalition's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Coalition'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 is presented for purposes of additional analysis, as required by Title 2 *U.S. Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and Chapter 10.650, *Rules of the Auditor General*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report, dated March 27, 2025, on our consideration of the Coalition's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 the Coalition's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Coalition's internal control over financial reporting and compliance.

Forvis Mazars, LLP

**Tampa, Florida
March 27, 2025**

**The Hillsborough County School Readiness Coalition, Inc.
d/b/a Early Learning Coalition of Hillsborough County, Inc.
Statements of Financial Position
June 30, 2024 and 2023**

	2024	2023
ASSETS		
Current Assets		
Cash	\$ 10,544,454	\$ 13,693,886
Grants receivable	11,140,462	4,221,387
Total Current Assets	21,684,916	17,915,273
Right-of-Use Lease Assets	1,832,786	2,312,929
Deposits	63,643	63,643
Total Assets	<u>\$ 23,581,345</u>	<u>\$ 20,291,845</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts and provider payables and accrued expenses	\$ 16,496,851	\$ 12,818,464
Current portion of right-of-use lease obligations	496,382	467,608
Deferred revenue	70,735	65,842
Total Current Liabilities	17,063,968	13,351,914
Right-of-Use Lease Obligations, less current portion	1,425,052	1,921,434
Total Liabilities	18,489,020	15,273,348
Net Assets	5,092,325	5,018,497
Total Liabilities and Net Assets	<u>\$ 23,581,345</u>	<u>\$ 20,291,845</u>

**The Hillsborough County School Readiness Coalition, Inc.
d/b/a Early Learning Coalition of Hillsborough County, Inc.
Statements of Activities
Years Ended June 30, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
Revenues and Support		
Program support:		
Federal and state grant revenue - general	\$ 152,302,522	\$ 117,200,113
Federal and state grant revenue - ARPA and CRSSA	-	119,247,226
Local gifts and grant revenue and other	<u>1,625,432</u>	<u>2,340,326</u>
Total Revenues and Support	153,927,954	238,787,665
Expenses		
Program services:		
School Readiness	117,430,288	197,376,751
Voluntary Pre-K	29,968,651	34,036,629
Other programs	<u>1,523,102</u>	<u>2,218,273</u>
Total Program Services	148,922,041	233,631,653
Supporting Services		
Management and general	<u>4,932,085</u>	<u>5,005,900</u>
Total Expenses	<u>153,854,126</u>	<u>238,637,553</u>
Change in Net Assets	73,828	150,112
Net Assets without Donor Restrictions, Beginning of Year	<u>5,018,497</u>	<u>4,868,385</u>
Net Assets without Donor Restrictions, End of Year	<u><u>\$ 5,092,325</u></u>	<u><u>\$ 5,018,497</u></u>

**The Hillsborough County School Readiness Coalition, Inc.
d/b/a Early Learning Coalition of Hillsborough County, Inc.
Statements of Functional Expenses
Year Ended June 30, 2024**

	Program Services				Support Services	2024
	School Readiness	Voluntary Pre-K	Other Programs	Total	Management and General	
Salaries and related taxes	\$ 6,453,715	\$ 371,298	\$ 133,408	\$ 6,958,421	\$ 2,630,720	\$ 9,589,141
Fringe benefits	2,111,351	127,323	30,619	2,269,293	710,025	2,979,318
Total Salaries and Related Expenses	8,565,066	498,621	164,027	9,227,714	3,340,745	12,568,459
Payments to providers	87,819,954	29,361,554	1,207,043	118,388,551	686,912	119,075,463
Contractual services	15,749,483	87,179	49,583	15,886,245	186,144	16,072,389
Office supplies and equipment	4,111,579	5,625	96,436	4,213,640	183,919	4,397,559
Rent, utilities, and other occupancy cost	478,262	-	-	478,262	206,874	685,136
Payments to subrecipients	321,640	-	-	321,640	-	321,640
Accounting and auditing	44,502	-	-	44,502	121,228	165,730
Maintenance contracts	80,127	-	-	80,127	32,538	112,665
Travel	46,243	14,732	3,451	64,426	29,884	94,310
Staff training and development	41,941	-	1,908	43,849	45,236	89,085
Insurance	50,548	-	-	50,548	38,442	88,990
Dues and memberships	51,338	-	-	51,338	35,495	86,833
Telephone and communication	32,162	-	-	32,162	14,116	46,278
Postage and shipping	20,713	-	177	20,890	4,040	24,930
Printing and copying	16,274	940	477	17,691	3,441	21,132
Other	456	-	-	456	3,071	3,527
Total Expenses	\$ 117,430,288	\$ 29,968,651	\$ 1,523,102	\$ 148,922,041	\$ 4,932,085	\$ 153,854,126

**The Hillsborough County School Readiness Coalition, Inc.
d/b/a Early Learning Coalition of Hillsborough County, Inc.
Statements of Functional Expenses
Year Ended June 30, 2023**

(Continued)

	Program Services			Total	Support Services	2023
	School Readiness	Voluntary Pre-K	Other Programs		Management and General	
Salaries and related taxes	\$ 6,011,558	\$ 293,856	\$ 155,226	\$ 6,460,640	\$ 2,306,924	\$ 8,767,564
Fringe benefits	1,918,365	86,378	34,094	2,038,837	786,091	2,824,928
Total Salaries and Related Expenses	7,929,923	380,234	189,320	8,499,477	3,093,015	11,592,492
Payments to providers	183,855,817	33,327,885	1,730,881	218,914,583	4,500	218,919,083
Contractual services	2,132,683	166,735	133,526	2,432,944	326,880	2,759,824
Office supplies and equipment	1,684,638	150,898	129,864	1,965,400	621,688	2,587,088
Payments to subrecipients	1,119,970	-	-	1,119,970	-	1,119,970
Rent, utilities, and other occupancy cost	437,022	4,517	-	441,539	467,376	908,915
Staff training and development	61	-	-	61	166,349	166,410
Accounting and auditing	-	-	-	-	100,920	100,920
Insurance	61,333	-	-	61,333	34,298	95,631
Printing and copying	45,072	-	17,221	62,293	24,423	86,716
Travel	24,676	-	847	25,523	54,182	79,705
Dues and memberships	53,965	-	2,171	56,136	19,916	76,052
Maintenance contracts	26,100	6,360	4,852	37,312	25,871	63,183
Postage and shipping	-	-	-	-	36,751	36,751
Telephone and communication	5,000	-	2,276	7,276	28,357	35,633
Bank charges	491	-	7,315	7,806	905	8,711
Other	-	-	-	-	469	469
Total Expenses	\$ 197,376,751	\$ 34,036,629	\$ 2,218,273	\$ 233,631,653	\$ 5,005,900	\$ 238,637,553

**The Hillsborough County School Readiness Coalition, Inc.
d/b/a Early Learning Coalition of Hillsborough County, Inc.
Statements of Cash Flows
Years Ended June 30, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
Operating Activities		
Cash received from:		
Grant income	\$ 145,388,340	\$ 240,826,917
Other income	1,625,432	2,340,326
	<u>147,013,772</u>	<u>243,167,243</u>
Total Cash Received	147,013,772	243,167,243
Cash paid for:		
Program services	145,243,654	230,685,805
Administrative expenses	4,919,550	4,929,787
	<u>150,163,204</u>	<u>235,615,592</u>
Total Cash Paid	150,163,204	235,615,592
Net Cash (Used in) Provided by Operating Activities	<u>(3,149,432)</u>	<u>7,551,651</u>
Net Change in Cash	(3,149,432)	7,551,651
Cash, Beginning of Year	<u>13,693,886</u>	<u>6,142,235</u>
Cash, End of Year	<u>\$ 10,544,454</u>	<u>\$ 13,693,886</u>

**The Hillsborough County School Readiness Coalition, Inc.
d/b/a Early Learning Coalition of Hillsborough County, Inc.
Statements of Cash Flows
Years Ended June 30, 2024 and 2023**

(Continued)

	<u>2024</u>	<u>2023</u>
Reconciliation of Change in Net Assets to Net Cash (Used in) Provided by Operating Activities		
Change in net assets	\$ 73,828	\$ 150,112
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Non-cash portion of rent on right-of-use operating leases	12,535	76,113
(Increase) (decrease) in grants receivable	(6,919,075)	4,375,110
Increase in accounts payable and accrued expenses	3,678,387	2,945,848
Increase in deferred revenue	4,893	4,468
	<u>4,893</u>	<u>4,468</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ (3,149,432)</u>	<u>\$ 7,551,651</u>

Note 1. Nature of Organization

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

Note 2. Summary of Significant Accounting Policies and Practices

Basis of Accounting

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

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

Net Assets with Donor Restrictions – Net assets which are subject to donor-imposed stipulations that may or will be met by actions of the Coalition and/or the passage of time. At June 30, 2024 and 2023, there were no net assets with donor restrictions.

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

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

Grants Receivable

Grants receivables are recognized at the net amount that management expects to be collected based on established collection history and primarily represent amounts for services provided and reimbursable expenses requested from the DEL as of June 30, 2024 and 2023.

Property and Equipment

The Coalition capitalizes all eligible assets acquired in excess of \$5,000 for property and equipment. Property and equipment are carried at cost for purchased assets and at fair value at date of donation for donated assets. The Coalition has no items recorded that met the capitalization requirement at June 30, 2024 and 2023.

**Hillsborough County School Readiness Coalition, Inc.
d/b/a Early Learning Coalition of Hillsborough County, Inc.
Notes to Financial Statements
June 30, 2024 and 2023**

Revenue Recognition

The Coalition receives substantially all of its grant revenue from federal and state agencies. Grant revenue is recognized up to the maximum amount provided in the Coalition’s contracts, to the extent the performance obligations are satisfied or conditions on grants classified as nonreciprocal are met. Audits of these grants may result in disallowed costs, which may result in a liability to the Coalition. In the opinion of management, disallowed costs, if any, would not be material to the financial statements.

Functional Allocation of Expenses

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

Use of Estimates

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

Income Taxes

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

Note 3. Liquidity Analysis

The table below represents financial assets available to meet cash needs for general expenditures within one year at June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Cash	\$ 10,544,454	\$ 13,693,886
Grants receivable	<u>11,140,462</u>	<u>4,221,387</u>
Total	<u>\$ 21,684,916</u>	<u>\$ 17,915,273</u>

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

**Hillsborough County School Readiness Coalition, Inc.
d/b/a Early Learning Coalition of Hillsborough County, Inc.
Notes to Financial Statements
June 30, 2024 and 2023**

Note 4. Right-of-Use Operating Leases

Effective July 1, 2022, all non-cancellable leases with terms greater than 12 months are recorded as both right-of-use lease assets and lease obligations based upon the present value of the lease payments. The Coalition has elected to exclude any payments associated with a lease agreement that are for services other than the rental of the specific leased asset.

The Coalition leases its office space under an operating lease, as amended, that is set to expire in January 2028. The weighted average term of the Coalition's operating leases was 3.6 and 4.6 years and weighted average discount rate was 2.70% at June 30, 2024 and 2023.

Amounts reflected in the financial statements are as follows:

Right-of-Use Operating Lease Assets:

Asset recognized as of July 1, 2022	\$ 2,787,434
Additions during 2023	-
Non-cash portion of amount charged to lease expense	(76,113)
Other amounts charged to lease expense	<u>(398,392)</u>
Right-of-use lease assets, net as of June 30, 2023	2,312,929
Additions during 2024	-
Non-cash portion of amount charged to lease expense	(12,535)
Other amounts charged to lease expense	<u>(467,608)</u>
Right-of-use lease assets, net as of June 30, 2024	<u>\$ 1,832,786</u>

Right-of-Use Operating Lease Obligations:

Obligations recognized as of July 1, 2022	\$ 2,787,434
Additions during 2023	-
Amount charged to lease expense	64,418
Amount paid during 2023	<u>(462,810)</u>
Obligations recognized as of June 30, 2023	2,389,042
Non-cash portion of amount charged to lease expense	(12,535)
Other amounts charged to lease expense	58,780
Amount paid during 2024	<u>(513,853)</u>
Obligations recognized as of June 30, 2024	1,921,434
Current portion	<u>(496,382)</u>
Long-term portion	<u>\$ 1,425,052</u>

The following schedule outlines the approximate undiscounted cash outflows for rent due under the operating leases as of June 30, 2024:

**Hillsborough County School Readiness Coalition, Inc.
d/b/a Early Learning Coalition of Hillsborough County, Inc.
Notes to Financial Statements
June 30, 2024 and 2023**

<u>Year Ending June 30,</u>	<u>Amount</u>
2025	\$ 542,000
2026	559,000
2027	575,000
2028	<u>344,000</u>
Total minimum operating lease payments	2,020,000
Amount representing interest	<u>(99,000)</u>
Right-of-use operating lease obligations	<u>\$ 1,921,000</u>

Lease Expense

Total rent and other occupancy cost \$539,000 during the year ended June 30, 2023. The following summarizes total rent and other occupancy cost for the year ended June 30, 2024:

Total lease expense and rent	\$ 685,136
Other rents under short-term and insignificant rental arrangements	<u>(146,213)</u>
Total lease expense under right-of-use operating leases	<u>\$ 538,923</u>

Cash paid for leases and other occupancy costs during the years ended June 30, 2024 and 2023 was approximately \$672,000 and \$833,000, respectively.

Note 5. Related Parties

Certain members of the Board of Directors are mandated in the State of Florida School Readiness Act. This includes (a) a district superintendent of schools (or permanent designee) from the School District of Hillsborough County ("SDHC"), (b) the Executive Director of the Children's Board of Hillsborough County ("CBHC"), (c) the Hillsborough County Board of County Commissioners ("BOCC") county commissioner, and (d) the agency head of the BOCC Child Care Licensing Agency.

Approximately \$245,000 and \$1,054,000 was paid by the Coalition for services provided by the SDHC and the BOCC for the years ended June 30, 2024 and 2023, respectively. Payments to the BOCC are for compliance with Hillsborough County's local childcare licensing ordinance. In addition, the Coalition received matching funds from the BOCC, which are designated to be used only for the school readiness and VPK programs, of approximately \$276,000 and \$457,000 for the years ended June 30, 2024 and 2023, respectively.

The Coalition received funding from the CBHC for the local match in the school readiness program of approximately \$729,000 and \$745,000 for the years ended June 30, 2024 and 2023, respectively.

Note 6. Deferred Compensation Plan

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

**Hillsborough County School Readiness Coalition, Inc.
d/b/a Early Learning Coalition of Hillsborough County, Inc.
Notes to Financial Statements
June 30, 2024 and 2023**

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

The Employer Profit Sharing portion of the Plan provides that the Coalition contribute 6% of an employee's salary for the years ended June 30, 2024 and 2023. Vesting is 100% after six years of employment with the Coalition, with a 20% increase in vesting for each year of employment after the second year of employment.

Note 7. Concentrations and Government Support

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

Note 8. Commitments and Contingencies

Credit Risk

Financial instruments which potentially subject the Coalition to concentrations of credit risk principally consist of cash in financial institutions in excess of Federal Deposit Insurance Corporation limits and grants receivable.

Credit risk with respect to grants receivables is mitigated by the taxing authority of the governmental entities funding the program.

Compliance

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

Note 9. Subsequent Event

The Coalition has evaluated events and transactions for potential recognition or disclosure in the financial statements through March 27, 2025, which is the date the financial statements were available to be issued.

**The Hillsborough County School Readiness Coalition, Inc.
d/b/a Early Learning Coalition of Hillsborough County, Inc.
Schedule of Expenditures of Federal Awards and State Financial Assistance
Year Ended June 30, 2024**

Federal Agency/State Agency/ Pass-Through Grantor/Program Title	Grant Period	Federal AL #	Contract #	Federal Expenditures	Transferred to Subrecipient	
FEDERAL AWARDS						
U.S. Department of Health and Human Services:						
Child Care Development Fund (CCDF) Cluster:						
<i>Passed through State of Florida Division of Early Learning</i>						
Child Care Development Block Grant	7/1/23-6/30/24	93.575	EL254	\$ 91,501,126	\$ 1,173,480	
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	7/1/23-6/30/24	93.596	EL254	13,660,789	-	
Total Child Care Development Fund (CCDF) Cluster				105,161,915	1,173,480	
<i>Passed through State of Florida Division of Early Learning</i>						
Temporary Assistance for Needy Families	7/1/23-6/30/24	93.558	EL254	16,945,896	-	
Social Services Block Grant	7/1/23-6/30/24	93.667	EL254	52,777	-	
Total Expenditures of Federal Awards				122,160,588	1,173,480	
	Grant Period	State CSFA #	Contract #	State Expenditures	Transferred to Subrecipient	
STATE FINANCIAL ASSISTANCE						
State of Florida Division of Early Learning						
Voluntary Pre-K	7/1/23-6/30/24	48.108	EL254	29,977,471	-	
Florida General Unrestricted Fund						
VPK Additional Funds for \$15 Minimum Wage*	7/1/23-6/30/24	VMIN2	SGU	4,075	-	
Total Expenditures of State Financial Assistance				29,981,546	-	
	Grantor/Pass-Through Grantor Program Title	Grant Period	Federal AL #	Contract #	Local Expenditures	Transferred to Subrecipient
STATE MATCHING AND LOCAL FUNDS						
State of Florida Division of Early Learning						
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	7/1/23-6/30/24	93.596	EL254	1,462,447	-	
Florida General Unrestricted Fund						
School Readiness Special Needs Funds**	7/1/23-6/30/24		SGU	135,184	-	
Total State Matching and Local Funds				1,597,631	-	
Total Federal Awards, State Financial Assistance, and Local Funds				\$ 153,739,765	\$ 1,173,480	

* Funding received from Florida's General Fund in connection with Voluntary Pre-K (OCA VNCAF)

** Funding received from Florida's General Fund in connection with CCDF Cluster (OCA 97CFO)

**Hillsborough County School Readiness Coalition, Inc.
d/b/a Early Learning Coalition of Hillsborough County, Inc.
Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance
June 30, 2024**

Note 1. General

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance include the grant activity of the Coalition and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), Chapter 10.650, *Rules of the Auditor General*, and the Rules of the Executive Office of the Governor of the State of Florida. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements.

Indirect cost rate is dictated by federal and state contract terms. The 10-percent de minimis indirect cost rate, as allowed under the Uniform Guidance, is not in effect nor is it available under these contracts.

Note 2. Other State Financial Assistance Received

The Coalition received funding from the DEL and the Florida General Unrestricted Fund that was not subject to Section 215.97, Florida Statutes, as follows:

<u>Florida’s Office of Early Learning</u>	<u>Contract Number</u>	<u>Current Year Expenditure</u>
A. Matching Funds for Federal Programs:		
State Matching Funds - 93.596 School Readiness CCDF Mandatory and Matching	EL254	<u>\$ 1,462,447</u>
B. Florida General Unrestricted Fund		
School Readiness Special Needs Funds	SGU	<u>\$ 135,184</u>

Note 3. Reconciliation to Statewide School Readiness Data and Reporting System

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

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

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

We have audited, 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, the financial statements of The Hillsborough County School Readiness Coalition, Inc. d/b/a Early Learning Coalition of Hillsborough County (the "Coalition"), which comprise the statement of financial position as of June 30, 2024 and the related statements of activities, 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 27, 2025.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Coalition's internal control. Accordingly, we do not express an opinion on the effectiveness of the Coalition's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Coalition's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of the tests disclosed no instances of noncompliance or other matters that are required to be reported under *Governmental Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the 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.

Forvis Mazars, LLP

**Tampa, Florida
March 27, 2025**

Independent Auditor's Management Letter

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

Report on the Financial Statements

We have audited the financial statements of The Hillsborough County School Readiness Coalition, Inc. d/b/a Early Learning Coalition of Hillsborough County (the "Coalition") as of and for the year ended June 30, 2024, and have issued our report thereon dated March 27, 2025.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and on Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditor's Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance in Accordance with the Uniform Guidance and Chapter 10.650, *Rules of the Auditor General*, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated March 27, 2025, should be considered in conjunction with this management letter.

Additional Matters

Section 10.654(1)(e), *Rules of the Auditor General*, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements or state project amounts that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

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

Purpose of this Letter

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

Forvis Mazars, LLP

**Tampa, Florida
March 27, 2025**

Independent Auditor's Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control Over Compliance in Accordance with the Uniform Guidance and Chapter 10.650, *Rules Of The Auditor General*

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

Report on Compliance for Each Major Federal Program and State Project

Opinion on Each Major Federal Program

We have audited The Hillsborough County School Readiness Coalition, Inc.'s d/b/a Early Learning Coalition of Hillsborough County (the "Coalition") compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget ("OMB") Compliance Supplement, and the requirements described in the Department of Financial Services' State Projects Compliance Supplement, that could have a direct and material effect on each of its major federal programs and state projects for the year ended June 30, 2024. 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 and state projects for the year ended June 30, 2024.

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) and Chapter 10.650, *Rules of the Auditor General*. Our responsibilities under those standards and the Uniform Guidance and Chapter 10.650, *Rules of the Auditor General* 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. 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*, the Uniform Guidance, and Chapter 10.650, *Rules of the Auditor General* 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.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance and Chapter 10.650, *Rules of the Auditor General*, 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.

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 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 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 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 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.

Forvis Mazars, LLP

**Tampa, Florida
March 27, 2025**

**Hillsborough County School Readiness Coalition, Inc.
d/b/a Early Learning Coalition of Hillsborough County, Inc.
Schedule of Findings and Questioned Costs
June 30, 2024**

Section I – Summary of Auditor’s Results

Financial Statements

1. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

(Check each description that applies)

- Unmodified Qualified Adverse Disclaimer

2. Internal control over financial reporting:

Material weakness(es) identified? Yes No

Significant deficiency(ies) identified? Yes None reported

3. Noncompliance material to the financial statements noted? Yes No

Federal Awards

4. Internal control over major federal programs:

Material weakness(es) identified? Yes No

Significant deficiency(ies) identified? Yes None reported

5. Type of auditor’s report issued on compliance for major federal program(s):

(Check each description that applies. If any other than unmodified apply, also list the name of each major program by the type of opinion applicable to that program.)

- Unmodified Qualified Adverse Disclaimer

6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes No

7. Identification of major federal programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.575, 93.596	Child Care Development Fund Cluster

8. Dollar threshold used to distinguish between Type A and Type B programs: \$3,000,000

9. Auditee qualified as a low-risk auditee? Yes No

State Financial Assistance

10. Internal control over major project:

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

11. Type of auditor's report issued on compliance for major state project:

- Unmodified Qualified Adverse Disclaimer

12. Any audit findings disclosed that are required to be reported in accordance with *Rules of the Auditor General*, Chapter 10.656?

- Yes No

13. Identification of major state project:

<u>CSFA Number(s)</u>	<u>Name of State Project</u>
48.108	Voluntary Pre-Kindergarten Education Program

14. Dollar threshold used to distinguish between Type A and Type B projects: \$2,500,000

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

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

None reported.

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

None reported.