



EARLY LEARNING COALITION OF BREVARD COUNTY, INC.



MINUTES: Executive/Finance Committee Meeting

DATE/TIME: Monday, February 12, 2018 at 3:30 pm

LOCATIONS: Early Learning Coalition of Brevard County, 2080 Eau Gallie Blvd, Melbourne, FL 32935

MEMBERS PRESENT: Alan Bergman, Chairperson, Beth Mills, Vice Chairperson, Mark Broms, Treasurer, and Jeffrey Harrison, Secretary

EXCUSED ABSENT MEMBERS: N/A

UNEXCUSED ABSENT MEMBERS: N/A

STAFF PRESENT: Sky Beard, Executive Director, Jessica Beecham, Executive Coordinator and Cathie Odom, Director of Business Operations

GUEST/PUBLIC:

START TIME: January 9, 2018 at 3:31 pm

AGENDA ITEM	SUMMARY/DISCUSSION	ACTION/FOLLOW-UP
Approval of meeting minutes	Minutes: January 8, 2018: No changes were made to the meeting minutes.	Jeffrey Harrison motioned for the minutes to be approved. Beth Mills seconded the motion. The motion passed unanimously by all Executive Committee members.
Florida First Start Funding Update	Sky updated the Committee regarding the Florida First Start program funding. The Florida First Start staff and ELC staff held a meeting to discuss the status of the contract. ELC staff explained the challenges with limited Quality dollars and the increase in state initiative requirements. Florida First Start staff discussed the challenges in program implementation and staffing. It was mutually agreed that the current fiscal year would be the last year the grant would be funded. FFS staff is actively enrolling/transferring families into the other home-visiting programs. The Coalition and FFS will be meeting to review the current inventory.	No Action/Follow-up needed
Draft Audit Report	Cathie reviewed the draft audit report that was previously emailed to the Committee (see attached). The Committee reviewed the requested changes/corrections that were sent to the auditors that will be completed before the final draft is reviewed at the full Board meeting. All dates will be filled in once the date has been established to present at the full Board meeting. Mark Broms inquired if the auditors were satisfied with the internal controls. As of this time there are no reports that there were any problems. The Auditors will be presenting the audit to the full Board on February 20. The Committee motioned to recommend to send the draft audit to the full Board for approval. The draft audit will be sent to the full Board for	Mark Broms motioned to recommend that the draft audit be sent to the full Board with the changes discussed in the meeting. Beth Mills seconded the motion. The motion passed unanimously by all Executive Committee members.

	review and send questions to Cathie.	
Budget To Actuals	Cathie presented the Committee with the Budget to Actuals through December 31, 2017 (see attached). The report notes were reviewed and discussed. The Committee requested that there be a report to look at the amount of change that will happen when the currently filled staff positions are added in.	No Action/Follow-up needed
Legislative Update	The Committee reviewed the current bills and amendments related to the Coalition's work and will have more information for the full Board. The VPK readiness rates were discussed and the change that is currently being presented and the challenges that may come from it. At this time there has been no further discussion regarding the Coalition mergers.	No Action/Follow-up needed
Public Comment	N/A	No Action/Follow-up needed
Adjournment	The meeting was adjourned at 4:52 pm	Jeffrey Harrison motioned for the adjournment of the Board meeting. Beth Mills seconded the motion. The motion passed unanimously by all Board members.
Next Meeting	March 12, 2018 at 3:30pm	

February 2018 Executive/Finance Committee Minutes Approved:

Respectfully Submitted,

Approved

Signature

Date

Executive Coordinator

Signature

Date

Executive Director



PO BOX 560692
ROCKLEDGE, FL 32956-0692
PHONE: (321) 637-1800
FAX: (321) 637-7244
WWW.ELCBREVARD.ORG

Executive/Finance Committee Meeting

February 12, 2018 3:30 pm

Approval of January 8, 2018 Minutes

Florida First Start Funding Update

Draft Audit Report

Budget to Actuals

Legislative Update

Next Committee meeting: March 12, 2018

LAUNCHING A CHILD'S FUTURE!



EARLY LEARNING COALITION OF BREVARD COUNTY, INC.

MINUTES: Executive/Finance Committee Meeting

DATE/TIME: Monday, January 8, 2018 at 3:30 pm

LOCATIONS: Early Learning Coalition of Brevard County, 2080 Eau Gallie Blvd, Melbourne, FL 32935

MEMBERS PRESENT: Alan Bergman, Chairperson, Beth Mills, Vice Chairperson, Mark Broms, Treasurer and Jeffrey Harrison, Secretary

EXCUSED ABSENT MEMBERS: N/A

UNEXCUSED ABSENT MEMBERS: N/A

STAFF PRESENT: Sky Beard, Executive Director and Jessica Beecham, Executive Coordinator

GUEST/PUBLIC:

START TIME: January 8, 2018 at 3:37 pm

AGENDA ITEM	SUMMARY/DISCUSSION	ACTION/FOLLOW-UP
Approval of meeting minutes	Minutes: December 11 and 18, 2017: No changes were made to the meeting minutes.	Beth Mills motioned for the minutes to be approved. Mark Broms seconded the motion. The motion passed unanimously by all Executive Committee members.
Community Development Block Grant Update	The Committee discussed the challenges the Coalition is having with the way some CDBG partners are interpreting eligibility requirements for that funding source. Sky informed the Committee that a letter was sent to the cities of Cocoa and Titusville explaining that the Coalition would not be applying for 18.19 funding as previously approved by the Committee. Sky will be presenting at the City of Melbourne this evening for CDBG funding. The contract for the current year has not been received from the City of Melbourne. Discussed communication with the City of Melbourne regarding eligibility criteria.	No Action/Follow-up needed
Financial Policy Approval	The Committee reviewed fiscal policy changes, however the policies were initially approved by Sky (with Finance/Executive Committee approval) on December 21, 2017 because of the deadline that was presented by OEL. The Conflict of Interest forms will need to be signed by the Board members at the next meeting. The updated credit card policy was reviewed as well and Coalition staff informed the Committee that all the items in the updated policy are currently in the procedures, but are now required to be in the policy.	Beth Mills motioned for the approval of the updated finance policies as presented. Jeffrey Harrison seconded the motion. The motion passed unanimously by all Executive Committee members.
Legislative Update	Sky informed the Committee that Legislative Session starts tomorrow, January 9, 2018. There has been no further discussion on coalition mergers however, IRMO and St. Lucie Counties will be moving forward with their merger. The Committee discussed proposed bills regarding provider accountability. Sky will be in Tallahassee the last week of January and will keep the Committee updated.	No Action/Follow-up needed

Public Comment	Sky notified the Committee of a potential media/contract termination issue. After a recent change in ownership, there has been social media involvement from dissatisfied parents attending Kids Place in Melbourne. There was police activity recently at the center leading to an arrest. The Coalition has been in communication with DCF. At this time, the Coalition is awaiting additional information before taking SR and VPK contract action. Coalition staff is assisting families with transfers.	No Action/Follow-up needed
Adjournment	The meeting was adjourned at 4:22 pm	Jeffrey Harrison motioned for the adjournment of the Board meeting. Beth Mills seconded the motion. The motion passed unanimously by all Board members.
Next Meeting	February 12, 2018 at 3:30pm	

January 2018 Executive/Finance Committee Minutes Approved:

Respectfully Submitted,

Approved



2/12/2018

Signature

Date

Executive Coordinator



2/12/2018

Signature

Date

Executive Director

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

**FINANCIAL STATEMENTS,
SUPPLEMENTARY INFORMATION AND
INDEPENDENT AUDITORS' REPORT**

JUNE 30, 2017 AND 2016

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Early Learning Coalition of Brevard County, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of the Early Learning Coalition of Brevard County, Inc. (the "Organization") (a Florida nonprofit organization), which comprise the statements of financial position as of June 30, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2017, 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.

Report on Summarized Comparative Information

The financial statements of Early Learning Coalition of Brevard County, Inc. as of June 30, 2016, were audited by other auditors whose report dated March 21, 2017, expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Other Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated DATE, on our consideration of the Organization'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 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 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 Organization's internal control over financial reporting and compliance.

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
DATE

EARLY LEARNING COALITION OF BREVARD COUNTY, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2017
(WITH COMPARATIVE TOTALS FOR 2016)

ASSETS		
	<u>2017</u>	<u>Comparative Totals 2016</u>
Cash	\$ 1,694,242	\$ 1,270,151
Grants and accounts receivable	842,749	948,126
United Way receivable	257,000	257,000
Prepaid expenses	<u>76,177</u>	<u>86,159</u>
TOTAL ASSETS	<u>\$ 2,870,168</u>	<u>\$ 2,561,436</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	<u>\$ 2,464,892</u>	<u>\$ 2,192,203</u>
TOTAL LIABILITIES	2,464,892	2,192,203
NET ASSETS		
Unrestricted	148,276	112,233
Temporarily restricted	<u>257,000</u>	<u>257,000</u>
TOTAL NET ASSETS	<u>405,276</u>	<u>369,233</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,870,168</u>	<u>\$ 2,561,436</u>

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

EARLY LEARNING COALITION OF BREVARD COUNTY, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017
(WITH COMPARATIVE TOTALS FOR 2016)

	2017			2016
	Unrestricted	Temporarily Restricted	Total	Comparative Totals
Revenue and other support:				
Grants-Federal	\$ 19,528,923	\$ -	\$ 19,528,923	\$ 16,718,262
Grants-State	11,485,243	-	11,485,243	11,347,888
Total grants-Federal and State	31,014,166	-	31,014,166	28,066,150
Grants-other	-	-	-	35,882
Contributions	80,527	257,000	337,527	358,376
In-Kind	113,945	-	113,945	148,521
Other Income	19,569	-	19,569	30,462
Net assets released from restrictions	257,000	(257,000)	-	-
Total revenue and other support	31,485,207	-	31,485,207	28,639,391
Expenses:				
Program Services:				
School Readiness	18,140,988	-	18,140,988	16,259,921
Voluntary Pre-K	11,047,151	-	11,047,151	10,909,341
Other	964,375	-	964,375	162,360
Total Program Services:	30,152,514	-	30,152,514	27,331,622
Supporting services:				
Management and general	1,292,774	-	1,292,774	1,289,870
Fundraising	3,876	-	3,876	1,902
Total supporting services	1,296,650	-	1,296,650	1,291,772
Total expenses	31,449,164	-	31,449,164	28,623,394
Change in net assets	36,043	-	36,043	15,997
Net assets at beginning of year	112,233	257,000	369,233	353,236
Net assets at end of year	\$ 148,276	\$ 257,000	\$ 405,276	\$ 369,233

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

**EARLY LEARNING COALITION OF BREVARD COUNTY, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2017
(WITH COMPARATIVE TOTALS FOR 2016)**

	Subsidized Child		Program Services				Supporting Services		Total Expenses	
	Care		Voluntary Pre-K	Other	Total		Management and General	Fundraising	2017	2016
Salaries	\$ 1,249,397	\$	-	\$ 81,915	\$ 1,331,312	\$	849,812	-	\$ 2,181,124	\$ 2,228,049
Payroll taxes and workers compensation	100,766		-	7,045	107,811		68,661	-	176,472	178,047
Fringe benefits	282,377		-	13,828	296,205		157,566	-	453,771	433,969
Total salaries and related expenses	1,632,540		-	102,788	1,735,328		1,076,039	-	2,811,367	2,840,065
Direct Services	15,809,281		11,020,831	-	26,830,112		-	-	26,830,112	24,698,435
Sub-recipient services	261,500		-	-	261,500		-	-	261,500	228,426
Program enhancements	2,165		-	858,883	861,048		285	-	861,333	113,440
Outreach and awareness	-		10,811	-	10,811		-	-	10,811	10,950
Monitoring	-		15,509	-	15,509		-	-	15,509	15,778
Public Education	32,187		-	-	32,187		1,148	-	33,335	32,080
Computer/networking	53,884		-	36	53,920		30,743	-	84,663	102,568
Professional fees	-		-	-	-		15,400	-	15,400	18,250
Legal fees	-		-	-	-		1,016	-	1,016	672
Bank fees	-		-	-	-		90	40	130	-
Repairs and maintenance	10,417		-	6	10,423		4,478	-	14,901	13,165
Equipment rental and expense	10,143		-	6	10,149		5,162	-	15,311	15,473
Travel	4,798		-	1,291	6,089		6,154	3	12,246	12,993
Training	1,467		-	1	1,468		4,773	-	6,241	5,169
Occupancy	157,678		-	98	157,776		85,914	-	243,690	236,712
Printing	5,226		-	4	5,230		3,045	-	8,275	6,128
Telephone	6,072		-	3	6,075		2,891	-	8,966	9,321
Utilities	9,729		-	7	9,736		6,342	-	16,078	15,637
Insurance	12,157		-	8	12,165		6,539	-	18,704	19,242
Employment expenses	2,993		-	2	2,995		5,006	-	8,001	8,907
Dues and subscriptions	6,328		-	3	6,331		4,526	-	10,857	6,821
Educational supplies	15,480		-	576	16,056		204	-	16,260	15,334
Supplies	16,225		-	652	16,877		9,746	-	26,623	37,138
In-kind expenditures	90,530		-	11	90,541		23,327	-	113,868	148,431
Other	188		-	-	188		(54)	3,833	3,967	11,614
Total expenses before depreciation and amortization	18,140,988		11,047,151	964,375	30,152,514		1,292,774	3,876	31,449,164	28,622,749
Depreciation and amortization	-		-	-	-		-	-	-	645
Total expenses	\$ 18,140,988	\$	\$ 11,047,151	\$ 964,375	\$ 30,152,514	\$	\$ 1,292,774	\$ 3,876	\$ 31,449,164	\$ 28,623,394

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

EARLY LEARNING COALITION OF BREVARD COUNTY, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017
(WITH COMPARATIVE TOTALS FOR 2016)

	2017	Comparative Totals 2016
Cash flows from operating activities:		
Change in net assets	\$ 36,043	\$ 15,997
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	-	645
Decrease (increase) in assets:		
Grants and accounts receivable	105,377	1,040,104
United Way receivable	-	8,000
Prepaid expenses	9,982	14,557
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	272,689	(372,950)
Net cash provided by operating activities	424,091	706,353
Net change in cash	424,091	706,353
Cash at beginning of year	1,270,151	563,798
Cash at end of year	\$ 1,694,242	\$ 1,270,151

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

EARLY LEARNING COALITION OF BREVARD COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1 - NATURE OF ORGANIZATION

Early Learning Coalition of Brevard County, Inc. ("the Coalition") was organized on May 8, 2000 as a Florida not-for-profit 501(c)(3) corporation. The Coalition was created by Florida Legislators, with the enactment of Florida Statute Section 411.01, to coordinate private sector representatives, publicly funded early childhood education professionals, childcare industry representatives, and community and government leaders to ensure consistent quality in early childhood and childcare programs using state, federal, and local funding sources. The Coalition contracts with various local organizations to administer and provide the Coalition's early childhood education programs as summarized below:

- Subsidized Child Care and Preschool Program: provides subsidized child care services and preschool programs to eligible children and families, and provides administrative and direct services necessary to develop and maintain a safe, cost effective, and family-friendly system to protect at-risk children and to assist families in becoming or remaining economically self-sufficient. The following are some of the services provided through the Subsidized Child Care and Preschool Programs: developmental and growth screening, implementation of individual education plans, coordination of referral services, education on lifestyle factors, transition to kindergarten, parent education, community needs assessment, accessing community resources for health and nutrition, technical assistance to parents and providers, staff education, classroom education, and mentoring business partners.
- Florida First Start Program: provides early intervention services to at-risk infants and toddlers up to age four and their families. The program is organized as a home visiting family literacy program designed to give children at risk of future school failure the best possible start in life and to support parents in their role as children's first teachers.
- Quality Initiative: supports local and statewide work for School Readiness and VPK providers through professional development, coaching and financial supports. Provides resources in order to further the development of high quality early childhood programming in Brevard County.
- Voluntary Pre-Kindergarten (VPK): provides that each child residing in Florida who will reach 4 years of age on or before September 1 of the school year is eligible for a free pre-kindergarten program designed to enhance each child's ability in the development of language and cognitive abilities through education in basic skills.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Organization prepares its financial statements on the accrual basis of accounting. Accounting standards establish external financial reporting standards for not-for-profit organizations, which include four basic financial statements: the statement of financial position, the statement of activities, the statement of functional expenses, and the statement of cash flows. Accounting standards require that resources be classified for accounting and reporting purposes into the following three separate classes of net assets:

- **Unrestricted** - Net assets which are not subject to any donor-imposed stipulations or restrictions; and include all revenue, gains and losses that are not changes in permanently or temporarily restricted net assets.
- **Temporarily Restricted** - Net assets whose use by the Organization is limited by donor-imposed stipulations that either expire with the passage of time or that can be fulfilled or otherwise removed by actions of the Organization pursuant to those stipulations. The Organization has \$257,000 in temporarily restricted net assets as of June 30, 2017.

EARLY LEARNING COALITION OF BREVARD COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting (continued)

- **Permanently Restricted** - Net assets whose use by the Organization is limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by actions of the Organization. The Organization presently does not have any permanently restricted net assets.

Revenue is reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. 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 the unrestricted net asset class. Contributions are recognized when the donor makes a promise to give to the Organization, that is, in substance, unconditional.

Reclassification

Certain reclassifications have been made to prior year financial statements in order for them to be in conformity with current year presentation.

Property and Equipment

Equipment is stated at cost, if purchased or at estimated fair value at the date of receipt if acquired by gift. Depreciation is computed using the straight line method over the estimated useful lives of the assets, which generally range from 3 to 5 years. Major renewals and betterments are capitalized. Maintenance, repairs and minor renewals are expensed as incurred. It is the policy of the Organization to maintain all property and equipment in good condition.

Property acquired with governmental funds is considered to be owned by the Organization 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 therefrom is subject to applicable regulations. The capitalization threshold is \$1,000.

Accrued Benefits

Accrued benefits represent vested vacation leave. Vacation leave is charged as an expense in the period in which it is earned by the employee.

Functional Allocation of Expenses

Expenses are allocated between program services and management and general and fundraising. Salaries are allocated based on actual time spent in these activities or administration of programs. Other expenses are allocated based on direct usage or management's estimates of the benefit derived by each activity.

Use of Estimates

Management of the Organization has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities, as well as pro rata allocations in the recording of expenditures, to prepare these financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results could differ from those estimates.

EARLY LEARNING COALITION OF BREVARD COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue code.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Uncertain Tax Positions

The Organization accounts for the effect of any uncertain tax positions based on a "more likely than not" threshold to the recognition of the tax positions being sustained based on the technical merits of the position under scrutiny by the applicable taxing authority. If a tax position or positions are deemed to result in uncertainties of those positions, the unrecognized tax benefit is estimated based on a "cumulative probability assessment" that aggregates the estimated tax liability for all uncertain tax positions. The Organization has identified its tax status as a tax exempt entity as its only significant tax position; however, the Organization has determined that such tax position does not result in the uncertainty requiring recognition. The Organization is not currently under examination by any taxing jurisdiction. The Organization's federal returns are generally open for examination for three years following the date filed.

Grants Receivable

Grants receivable are due from federal and state governmental agencies and recorded when services are provided. The Coalition's receivables as of June 30, 2017 are due in less than one year and management believes that all receivables are fully collectible. Accordingly, no allowance for doubtful accounts is considered necessary.

Pledges Receivable

The Coalition has a pledge receivable from the United Way and considers it to be fully collectible. Accordingly, no allowance for doubtful accounts is required. The entire amount is receivable within the next fiscal year and funds are temporarily restricted as of June 30, 2017.

Prepaid Expenses

Consists of insurance and payroll expenses paid in advance.

Intangible Assets

The Coalition capitalizes the cost of software, which is amortized on a straight-line basis over an estimated useful life of three years.

Revenue Recognition

The Coalition receives funding through grants and contract revenue from federal and state agencies. Revenues are earned as allowable grant costs are incurred and as units of service are delivered on contracts.

Revenue is recorded as unrestricted or temporarily restricted depending upon the existence and/or nature of any restrictions. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restriction.

EARLY LEARNING COALITION OF BREVARD COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions and Donor-Imposed Restrictions

Contributions to the Coalition represent unconditional promises to give and are recognized in the period that the promises to give are made. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met.

All contributions to the Coalition are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or are restricted by the donor for specific purposes are reported as temporarily restricted contributions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restriction. If a donor restriction is received and released in the same reporting period, the amount is recorded as unrestricted support.

Donated services, materials and facilities

Donated services, materials and facilities, where they require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donations, are recorded at fair market values at the date of receipt by the Coalition. A corresponding amount is recorded as expense or property and equipment. Donated services, materials and facilities aggregating \$113,945 for the year ended June 30, 2017 are included as revenues and expenses in the accompanying statement of activities and changes in net assets.

Subsequent Events

The Organization has evaluated subsequent events through **DATE**, which is the date the financial statements were available to be issued.

NOTE 3 – LINE OF CREDIT

As of June 30, 2017, the Coalition has a \$50,000 unsecured line of credit with a bank to be utilized as needed with an interest rate of 2% above prime (6.25% at June 30, 2017). As of June 30, 2017, no amounts are outstanding.

NOTE 4 – RETIREMENT PLAN

The Coalition has a qualified retirement plan for all qualifying employees. All employees over the age of 21 that have worked a minimum of 1,000 regular paid hours and completed on year of service are eligible to participate. Matching contributions are made to the plan by the Coalition on a discretionary basis. During the year ended June 30, 2017 the Coalition provided a 3% matching contribution totaling \$54,349. Employees are immediately vested in their contributions and matching contributions are vested over a four year period of service.

NOTE 5 - CONCENTRATION

Approximately 98% of the Organization's revenue is provided by the State of Florida's Office of Early Learning (FOEL). The continuation of federal and state funding is subject to an annual legislative budgetary review.

The Organization places its cash deposits with creditworthy, high-quality institutions. At times, cash balances may temporarily exceed the Federal Deposit Insurance Coverage ("FDIC") limit of \$250,000

EARLY LEARNING COALITION OF BREVARD COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 6 – OPERATING LEASE

The Organization leases office spaces in Rockledge, Melbourne and Titusville under operating leases with unrelated parties. The organization also leases office equipment under operating leases. Total rent expense on these leases was \$262,325 for the year ended June 30, 2017.

The following is a schedule of future lease payments:

<u>Year ending June 30,</u>	
2018	\$ 113,090
2019	<u>18,048</u>
Total minimum lease payments	<u>\$ 131,138</u>

NOTE 7 – COMMITMENTS AND CONTINGENCIES

The Organization is 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 Organization is in compliance with the terms of its grant agreements.

The Organization is involved in various other claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Organization's financial position, results of operations or liquidity.

NOTE 8 – MATCH FROM LOCAL RESOURCES

The General Appropriations Act requires a 6% match from local sources to draw down the federally funded School Readiness child care dollars for the economically disadvantaged eligible families. In 2017, \$414,488 of match was raised to provide a total of \$6,909,513 for the economically disadvantaged eligible families within Brevard County.

NOTE 9 – RELATED PARTY TRANSACTIONS

In accordance with applicable regulations, the Coalitions Board of Directors includes representatives of private and public sector industries. During the year ended June 30, 2017, the coalition entered into several contracts with certain private and public sector industries with which certain Coalition Board members are associated, for the purpose of providing services to participants. Total payments to these organizations during the year ended June 30, 2017 totaled \$2,881,702. Amounts due at June 30, 2017 totaled \$67,801 and were included in accounts payable and accrued expenses on the accompanying statements of financial position.

NOTE 10 – TEMPORARILY RESTRICTED NET ASSETS

Net assets released from donor restrictions by incurring expenses satisfying the purpose or time restriction specified by donors for the year ended June 30, 2017 are as follows:

	<u>2017</u>
Time Restricted:	
United Way funds for fiscal year	<u>\$ 257,000</u>

EARLY LEARNING COALITION OF BREVARD COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 11 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through _____, 2018 the date which the financial statements were available for issue.

SUPPLEMENTARY INFORMATION

**EARLY LEARNING COALITION OF BREVARD COUNTY, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2017**

Grantor/Pass-Through Grantor Program Title	Grant Period	Federal CFDA#	Contract Number	Expenditures	Transfers to Sub-recipients
FEDERAL AWARDS:					
U.S. Department of Health and Human Services					
Passed Through Florida's Office of Early Learning					
Child Care and Development Block Grant		93.575	SR 087	\$ 13,276,854	\$ 203,230
		93.575	PP 087	905,467	-
University of Florida, Lastinger Center for Learning					
Child Care and Development Block Grant		93.575	1700500023	20,400	-
			1700495503	59,500	-
Child Care Mandatory and Matching Funds of the Child Care and Development Fund		93.596	SR 087	963,359	58,270
Temporary Assistance for Needy Families		93.558	SR 087	4,242,267	-
Social Services Block Grant		93.667	SR 087	7,101	-
Total U.S. Department of Health and Human Services				<u>19,474,948</u>	<u>261,500</u>
U.S. Department of Housing and Urban Development					
Pass through Office of Community Planning and Development					
Community Development Block Grants					
Entitlement Grants		14.218	NA	53,975	
Total U.S. Department of Housing and Urban Development				<u>53,975</u>	
Total Expenditures of Federal Awards				<u>19,528,923</u>	<u>261,500</u>
State of Florida Department of Education					
Passed Through Florida's Office of Early Learning					
Voluntary Pre-K		48.108	SV 087	\$ 11,485,243	
Total State Expenditures				<u>11,485,243</u>	
Total Federal and State Expenditures				<u>\$ 31,014,166</u>	<u>\$ 261,500</u>

EARLY LEARNING COALITION OF BREVARD COUNTY, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND LOCAL AWARDS
JUNE 30, 2017

1. GENERAL

The accompanying Schedule of Expenditures of Federal, State and Local awards includes the grant activity of Organization 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) and Chapter 10.650, Rules of the Auditor General. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

2. RECONCILIATION TO STATEWIDE SCHOOL READINESS DATA AND REPORTING SYSTEM

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

3. INDIRECT COST RATE

The Coalition has elected not to use the 10% de minimis indirect cost rate for its federal programs and state projects for the year ended June 30, 2017. The indirect cost rates used on the Coalitions federal programs and state projects are determined by the relevant federal or state agency.

EARLY LEARNING COALITION OF MIAMI-DADE/MONROE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - FEDERAL AWARDS PROGRAMS AND
STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2017

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? Yes X No

Significant deficiency(ies) identified that are not considered to be a material weakness(es)? Yes X None reported

Noncompliance material to financial statements noted? Yes X No

Federal Awards and State Awards

Internal control over major federal programs and state projects:

Material weakness(es) identified? Yes X No

Significant deficiency(ies) identified that are not considered to be a material weakness(es)? Yes X None reported

Type of auditor’s report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with the 2 CFR 200.516 (a) of the Uniform Guidance and Chapter 10.650, *Rules of the Auditor General*? Yes X No

Identification of major programs:

<u>CFDA/CFSA Number</u>	<u>Name of Federal/State Program or Cluster</u>
93.558	Temporary Assistance of Needy Families
93.575	Child Care and Development Block Grant
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund
48.108	Voluntary Pre-Kindergarten Education Program

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

\$ 750,000 Federal
 \$ 750,000 State

EARLY LEARNING COALITION OF BREVARD COUNTY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2017

Auditee qualified as low-risk auditee? X Yes No

SECTION II – FINANCIAL STATEMENT FINDINGS

CURRENT YEAR FINDINGS

None

PRIOR YEAR FINDINGS

None

SECTION III – FEDERAL PROGRAM AND STATE PROJECTS FINDINGS AND QUESTIONED COSTS

CURRENT YEAR FINDINGS

None

PRIOR YEAR FINDINGS

None

SECTION IV – OTHER ISSUES

In accordance with Special Guidance for Audit Testing and Reporting issued from the Office of Early Learning, the following is confirmed: (a) that the Coalition staff performs the reconciliation referred to in Footnote 2 on page 16 monthly; (b) that the Coalition has processes in place to identify and correct errors noted during the monthly reconciliation process; (c) that the Coalition's financial records and the EFS records were reconciled and in agreement as of the annual program year end (June 30th); and (d) the auditor's work papers include documentation to verify all tasks above were performed.

No management letter was issued for the year ended June 30, 2017.

SECTION V – SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

There were no prior year audit findings.

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

To the Board of Directors
Early Learning Coalition of Brevard County, Inc.

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 the Early Learning Coalition of Brevard County, Inc. (the "Organization") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017, 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 DATE.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization'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 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 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 Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Coral Gables, Florida
DATE

CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Directors
Early Learning Coalition of Brevard County, Inc.

Report on Compliance for Each Major Federal Program and State Project

We have audited Early Learning Coalition of Miami-Dade/Monroe, Inc.'s (the "Organization") compliance with the types of compliance requirements described in the *OMB Compliance Supplement*, and the requirements described in the *Department of Financial Services' State Projects Compliance Supplement*, that could have a direct and material effect on each of the Organization's major federal programs and state projects for the year ended June 30, 2017. The Organization's major federal programs and state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.650, *Rules of the Auditor General*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about the Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program and state project. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major Federal Program and State Project

In our opinion, the Organization 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, 2017.

Report on Internal Control Over Compliance

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

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

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

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

CERTIFIED PUBLIC ACCOUNTANT

Coral Gables, Florida
DATE

Early Learning Coalition of Brevard County, Inc.

Budget to Actual - Thru Q2
7/1/2017 - 12/31/2017

Column1	Current Period Actual	Current Period Budget	Yearly Budget	Qtr %	Yr %	Budget Balance	Current Surplus (Deficit)	Estimated Surplus (Deficit)	Notes (+ or - 10% of budget)
Personnel Expenses									
Salaries	885,254	1,078,153	2,156,306	82%	41%	1,271,052	192,899	385,798	Several open positions during first half of fiscal year. Six positions filled since December.
Payroll Taxes	70,590	85,671	171,342	82%	41%	100,752	15,081	30,162	
Workers' Comp Insurance	4,777	5,816	11,632	82%	41%	6,855	1,039	2,078	
Fringe Benefits	167,932	210,898	421,795	80%	40%	253,863	42,966	85,932	
Total Personnel Expenses	1,128,553	1,380,538	2,761,075	82%	41%	1,632,522	251,985	503,969	
Other Expenses									
Audit			20,000		0%	20,000		(148)	
Bank Fees	124	50	100	248%	124%	(24)	(74)		
Computing/Networking	34,689	42,500	85,000	82%	41%	50,311	7,811	15,622	Open positions = less maint exp
IT Equipment	6,613	17,500	35,000	38%	19%	28,387	10,887	21,773	Not equip. Bk of up-grades
Dues & Subscriptions	5,964	3,500	7,000	170%	85%	1,036	(2,464)	(4,928)	Increase in AELC dues not including in original budget
Employment Costs	1,295	1,250	2,500	104%	52%	1,205	(45)	(89)	
Equipment Leases	7,599	8,250	16,500	92%	46%	8,901	651	1,302	
Furniture & Fixtures		3,750	7,500	0%	0%	7,500	3,750	7,500	Furniture updates in process
Insurance	9,046	10,000	20,000	90%	45%	10,954	954	1,908	
Legal Services	350	2,500	5,000	14%	7%	4,650	2,150	4,300	
Maint & Repair	8,929	10,000	20,000	89%	45%	11,071	1,071	2,142	
Office Expense	7,983	8,500	17,000	94%	47%	9,017	517	1,034	
Postage	4,446	5,000	10,000	89%	44%	5,554	554	1,108	
Printing	3,915	4,250	8,500	92%	46%	4,585	335	670	
Public Education	19,753	24,713	49,425	80%	40%	29,672	4,960	9,919	will utilize more expenses towards end of FY
Rent	122,677	124,642	249,284	98%	49%	126,606	1,965	3,929	up late in year
Telephone	3,821	4,750	9,500	80%	40%	5,679	929	1,858	
Training/Conf/Meetings	6,519	5,000	10,000	130%	65%	3,481	(1,519)	(3,039)	Many trainings in beginning of FY, will be monitored closely
Travel	9,469	7,500	15,000	126%	63%	5,531	(1,969)	(3,938)	Many trainings in beginning of FY, will be monitored closely
Utilities	8,590	8,250	16,500	104%	52%	7,910	(340)	(680)	Higher summer months, should even out over year
TA Supplies/Quality Materials	5,909	18,110	36,219	33%	16%	30,310	12,201	24,401	Provider conference in April
Total Other Expenses	267,692	480,021	640,028	56%	42%	372,336	42,322	84,644	
	1,396,244	1,860,558	3,401,103	75%	41%	2,004,858	294,307	588,614	

pre-audit
15 weeks
average
proposed?

lots of jobs