

**FLORIDA SINGLE AUDIT ACT – NONPROFIT AND FOR-PROFIT ENTITIES
FINANCIAL REPORTING PACKAGE SUBMITTAL CHECKLIST**

Entity Name: Early Learning Coalitions of the Big Bend Region, Inc.

Entity Type (Nonprofit, For-Profit): Nonprofit

Contact Person Name and Title: Tracie Hodge, CFO

Contact Person Mailing Address: 2639 North Monroe Street, Building C-300

Tallahassee, FL 32303

Contact Person Phone Number: 850-552-7341

Contact Person E-mail Address: thodge@elcbigbend.org

Fiscal Period Audited: 6/30/2017

Date the auditor delivered the audit report to the entity: 3/19/2018

Does the financial reporting package include the following items required by Section 10.656(3), Rules of the Auditor General:

Required for State single audits as defined by Section 215.97(2)(x), Florida Statutes, and project-specific audits as defined by Section 215.97(2)(w), Florida Statutes:

Yes A schedule of expenditures of State financial assistance as described in Section 10.656(3)(d)1., Rules of the Auditor General? **NOTE:** The schedule of expenditures of State financial assistance, when applicable, is required to be combined with the schedule of expenditures of Federal awards.

Yes The auditor's report on the schedule of State financial assistance as described in Section 10.656(3)(d)2., Rules of the Auditor General?

Yes The auditor's report on compliance with requirements that could have a direct and material effect on each major State project and on internal control over compliance as described in Section 10.656(3)(d)3., Rules of the Auditor General?

Yes A schedule of findings and questioned costs as described in Section 10.656(3)(d)4., Rules of the Auditor General?

Yes A summary schedule of prior audit findings as described in Section 10.656(3)(d)5., Rules of the Auditor General? **NOTE:** If a schedule of prior audit findings is not presented because there are no prior audit findings to be reported, this should be stated in the schedule of findings and questioned costs.

N/A A corrective action plan as described Section 10.656(3)(d)6., Rules of the Auditor General?

N/A The management letter defined in Section 10.654(1)(e), Rules of the Auditor General, and, if applicable, a written statement of explanation or rebuttal, including corrective action to be taken, concerning the deficiencies cited in the management

letter (see Section 10.656(3)(e), Rules of the Auditor General)? **NOTE:** If a management letter is not presented because there are no items related to State financial assistance required to be reported in the management letter, this should be stated in the schedule of findings and questioned costs.

Yes Are all of the above elements of the financial reporting package included in a **single document** as required by Section 10.656(3), Rules of the Auditor General?

Yes Are **one** paper copy and **one** electronic copy of the financial reporting package being submitted as required by Section 10.657(1), Rules of the Auditor General? **NOTE:** There is no provision in law authorizing an extension for filing the financial reporting package.

Yes Is the electronic copy named using all lower case letters as follows? [fiscal year] [name of entity].pdf. For example, the converted document for the 2015-16 fiscal year for "Example Nonprofit" entity should be named 2016 example nonprofit.pdf.

Yes Is the financial reporting package being submitted within 45 days after receipt of the financial reporting package from the auditor, but no later than 9 months after the end of the fiscal year as required by Section 10.657(2), Rules of the Auditor General?

Required only for State single audits as defined by Section 215.97(2)(x), Florida Statutes:

Yes The annual financial statements described in Section 10.655(3), Rules of the Auditor General, as applicable, together with related notes to the financial statements (see Section 10.656(3)(f), Rules of the Auditor General)?

N/A Required supplementary information (RSI) such as the management's discussion and analysis, or the budgetary comparison schedule required as RSI if not presented as part of the financial statements (see Section 10.655(3), Rules of the Auditor General)? **NOTE:** This applies only to nonprofit organizations that are determined to be governmental entities.

Yes The auditor's report on the financial statements as described in Section 10.656(3)(b), Rules of the Auditor General?

Yes The auditor's report on compliance and internal control based on an audit of the financial statements as described in Section 10.656(3)(b), Rules of the Auditor General?

Yes If applicable, the auditor's reports and related financial information required pursuant to the Federal *Single Audit Act Amendments of 1996*, United States OMB Uniform Guidance (2 CFR Part 200), or other applicable Federal law (see Section 10.656(3)(c), Rules of the Auditor General)?

This checklist should accompany the financial reporting package. It is suggested that you retain a copy of the checklist for your files. Do not hesitate to contact this office if assistance or clarification is needed regarding reporting requirements. Our telephone and fax numbers, and electronic addresses, are as follows:

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Local Government Audits/342
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**EARLY LEARNING COALITION OF
THE BIG BEND REGION, INC.**

FINANCIAL STATEMENTS

JUNE 30, 2017

EARLY LEARNING COALITION OF THE BIG BEND REGION, INC.
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JUNE 30, 2017

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors,
Early Learning Coalition of the Big Bend Region, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Early Learning Coalition of the Big Bend Region, Inc., 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.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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.

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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 Early Learning Coalition of the Big Bend Region, Inc. as of June 30, 2017, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

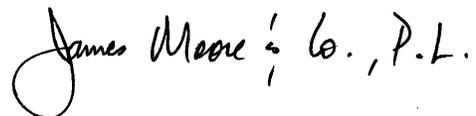
Other Matters

Other information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.650, Rules of the State of Florida, Office 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 as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 12, 2018, on our consideration of Early Learning Coalition of the Big Bend Region, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Early Learning Coalition of the Big Bend Region, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Early Learning Coalition of the Big Bend Region, Inc.'s internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large, looped initial "J".

Tallahassee, Florida
March 12, 2018

EARLY LEARNING COALITION OF THE BIG BEND REGION, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2017

ASSETS

Current assets	
Cash and cash equivalents	\$ 441,648
Grants and contracts receivable	1,832,970
Unconditional promise to give	37,577
Prepaid expenses	64,889
Total current assets	2,377,084
Property and equipment, net	30,444
Total Assets	\$ 2,407,528

LIABILITIES AND NET ASSETS

Current liabilities	
Direct child care services payable	\$ 1,569,673
Accounts payable and accrued expenses	482,038
Deferred revenue	4,557
Total current liabilities	2,056,268
Net assets	
Unrestricted	313,683
Temporarily restricted	37,577
Total net assets	351,260
Total Liabilities and Net Assets	\$ 2,407,528

The accompanying notes to financial statements
are an integral part of this statement.

**EARLY LEARNING COALITION OF THE BIG BEND REGION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and revenues			
Grants and contracts	\$ 23,882,149	\$ -	\$ 23,882,149
Local match revenue	102,934	37,577	140,511
In-kind contributions	73,200	-	73,200
Interest	3,423	-	3,423
Other	31,544	-	31,544
Net assets released from restriction	37,577	(37,577)	-
Total support and revenues	<u>24,130,827</u>	<u>-</u>	<u>24,130,827</u>
Expenses			
Program services			
School Readiness and Related Child Care Services	15,817,977	-	15,817,977
Voluntary Pre-Kindergarten Services	6,462,399	-	6,462,399
Other Child Care Research and Support Programs	19,854	-	19,854
School Readiness Performance Funding Pilot Project	626,513	-	626,513
Total program services	<u>22,926,743</u>	<u>-</u>	<u>22,926,743</u>
General and administrative	1,030,058	-	1,030,058
Total expenses	<u>23,956,801</u>	<u>-</u>	<u>23,956,801</u>
Increase in net assets	<u>174,026</u>	<u>-</u>	<u>174,026</u>
Net assets, beginning of year	139,657	37,577	177,234
Net assets, end of year	<u>\$ 313,683</u>	<u>\$ 37,577</u>	<u>\$ 351,260</u>

The accompanying notes to financial statements
are an integral part of this statement.

EARLY LEARNING COALITION OF THE BIG BEND REGION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2017

	School Readiness and Related Child Care Services	Voluntary Pre- Kindergarten Services	Other Child Care Research and Support Programs	School Readiness Performance Funding Pilot Project	Total Program Services	General and Administrative	Total
Salaries and benefits	\$ 1,640,641	\$ 128,595	\$ 9,283	\$ -	\$ 1,778,519	\$ 593,034	\$ 2,371,553
Training and development	3,164	20	-	-	3,184	16,759	19,943
Professional services	-	-	-	-	-	46,733	46,733
Contracted services	13,225,225	6,281,358	-	-	19,506,583	122,583	19,629,166
Consulting	42,445	294	-	-	42,739	9,698	52,437
Occupancy	270,287	13,767	-	-	284,054	32,164	316,218
Advertising and public outreach	6,769	61	5,941	-	12,771	3,932	16,703
Supplies and materials	199,464	954	4,483	626,513	831,414	39,010	870,424
Technology maintenance	63,269	4,865	-	-	68,134	89,447	157,581
Office furniture and equipment	261,855	31,768	-	-	293,623	33,848	327,471
Travel	29,950	689	147	-	30,786	18,857	49,643
Depreciation	-	-	-	-	-	16,986	16,986
In-kind expenses:	73,200	-	-	-	73,200	-	73,200
Printing and postage	1,708	28	-	-	1,736	45	1,781
Other miscellaneous	-	-	-	-	-	6,962	6,962
Total expenses	<u>\$ 15,817,977</u>	<u>\$ 6,462,399</u>	<u>\$ 19,854</u>	<u>\$ 626,513</u>	<u>\$ 22,926,743</u>	<u>\$ 1,030,058</u>	<u>\$ 23,956,801</u>

The accompanying notes to financial statements
are an integral part of this statement.

EARLY LEARNING COALITION OF THE BIG BEND REGION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017

Cash flows from operating activities	
Cash received from grantors and contractors	\$ 23,696,128
Cash paid to employees and vendors	(23,754,024)
Interest received	3,423
Contributions and other receipts	172,055
Net cash provided by operating activities	117,582
Net increase in cash and cash equivalents	117,582
Cash and cash equivalents, beginning of year	324,066
Cash and cash equivalents, end of year	\$ 441,648
Reconciliation of increase in net assets to net cash provided by operating activities	
Increase in net assets	\$ 174,026
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	16,986
Increase in grants and contracts receivable	(186,017)
Decrease in direct child care services payable	(110,209)
Increase in accounts payable and accrued expenses	239,067
Increase in prepaid expenses	(16,267)
Decrease in deferred revenue	(4)
Total adjustments	(56,444)
Net cash provided by operating activities	\$ 117,582

The accompanying notes to financial statements
are an integral part of this statement.

EARLY LEARNING COALITION OF THE BIG BEND REGION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

(1) **Summary of Significant Accounting Policies:**

The following is a summary of the more significant accounting policies and practices of Early Learning Coalition of the Big Bend Region, Inc. (the “Coalition”) which affect significant elements of the accompanying financial statements:

(a) **Coalition and Purpose**— Early Learning Coalition of the Big Bend Region, Inc. (“the Coalition”) was established to prepare preschool children to enter kindergarten ready to learn, as measured by criteria established by the state of Florida. Under Florida Statute, Section 1002.83, the Coalition is required to develop and implement a plan for comprehensive, accessible, affordable, and high quality early education and child care services for children, birth to age five, in Leon, Gadsden, Jefferson, Liberty, Madison, Taylor, and Wakulla counties in the state of Florida. The Coalition is primarily supported by grants from the state of Florida passed through from the U.S. Department of Health and Human Services.

During the fiscal year ended June 30, 2017, the Coalition operated the following programs:

School Readiness and Related Child Care Services: This program provides financial assistance for child care costs to families who meet the qualifying guidelines in order to assist children to become better prepared for the education experience or to provide child care services for economically disadvantaged children or children requiring specific assistance as determined by the state of Florida.

Voluntary Pre-kindergarten Services (VPK): The VPK program is designed to promote in a classroom environment the development of each four-year-old child's physical, social, and emotional maturation. The program outcomes should result in children better prepared to be successful in the formal education process.

Other Child Care Research and Support Programs: These program services include: Leon County childcare tuition assistance program, family literacy programs for low-income families, and technical assistance programs to low performing providers.

School Readiness Performance Funding Pilot Project: In 2014, the Florida Legislature approved a special pilot project to determine if specific training approaches improve how well children perform in school readiness programs. The project gives eligible, selected child care providers and their instructors an opportunity to earn additional compensation in improving school readiness program outcomes. Each provider that is selected is assigned to a group offering specific professional development. To be eligible to participate, at least 30 percent of a provider's birth-5 enrollments must be children in the School Readiness Program.

The Coalition is governed by its twenty-five member Board of Directors, of which nine are appointed under criteria established in Florida Statutes, Section 1002.83.

EARLY LEARNING COALITION OF THE BIG BEND REGION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

(1) **Summary of Significant Accounting Policies: (Continued)**

(b) **Property and Equipment**—Property and equipment acquired by the Coalition are considered to be owned by the Coalition. However, funding sources may maintain an equitable interest in the property purchased with grant monies as well as the right to determine the use of any proceeds from the sale of these assets. The Federal government has a reversionary interest in those assets purchased with its funds which have a cost of \$5,000 or more and an estimated useful life of at least one year. The State of Florida has a reversionary interest in those assets purchased with its funds which have a cost of \$1,000 or more and an estimated useful life of at least one year.

Property and equipment with a value greater than \$5,000 and an estimated useful life of at least one year are recorded at cost when purchased or at estimated fair value when contributed. Depreciation is computed using the straight-line method over the estimated useful life of the assets, ranging from five to thirty-nine years. Repairs and maintenance, which are not considered improvements and do not extend the useful life of the property and equipment, are expensed as incurred.

(c) **Income Taxes**—The Coalition is generally exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes has been made in the accompanying financial statements. The Coalition files income tax returns in the U.S. Federal jurisdiction. The Coalition's income tax returns for the past three years are subject to examination by taxing authorities and may change upon examination.

The Coalition has reviewed and evaluated the relevant technical merits of each of its tax positions in accordance with accounting principles generally accepted in the United States of America for accounting for uncertainty in income taxes, and determined that there are no uncertain tax positions that would have a material impact on the financial statements.

(d) **Cash and Cash Equivalents**—For the purpose of reporting cash flows, cash and cash equivalents include cash on hand, amounts in demand deposits and short-term investments with original maturities of 90 days or less. Deposits with financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor. Bank deposits at times may exceed federally insured limits. The Coalition has not experienced any losses in such accounts.

The Coalition has entered into a zero balance account (ZBA) agreement with the financial institution in which funds are maintained in an interest bearing account and are transferred into the demand deposit accounts as needed. Interest earned on the funds in the ZBA account was 0.30% at June 30, 2017.

(e) **Use of Estimates**—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

EARLY LEARNING COALITION OF THE BIG BEND REGION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

(1) **Summary of Significant Accounting Policies:** (Continued)

(f) **Basis of Accounting**—The financial statements have been prepared on the accrual basis of accounting, and accordingly, reflect all significant receivables, payables, and other liabilities.

(g) **Basis of Presentation**—The Coalition is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

(h) **Contributions**—All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Coalition reports the support as unrestricted.

(i) **Functional Allocation of Expenses**—The costs of providing the various services and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

(j) **Accrued Leave**—The Coalition compensates its eligible employees for unused vacation leave upon termination of employment. Vacation leave is accrued as earned by eligible employees and recorded as an expense in the period earned.

(k) **Advertising**—Advertising costs are charged to operations as incurred. For the year ending June 30, 2017, \$16,703 was incurred.

(l) **Grants and Contracts Receivable**—Grants and contracts receivable are stated at the amount management expects to collect from balances outstanding at year-end. Based on management's assessment of the history with grantors and contractors having outstanding balances and current relationships with them. An allowance for uncollectible grant receivables has not been recorded as all amounts are deemed by management to be collectible.

(m) **Deferred Revenue**—The Coalition records grant/contract receipts as deferred revenue until it is expended for the purpose of the grant/contract, at which time it is recognized as revenue. The balance in deferred revenue at June 30, 2017 represents amounts received under contracts that will be expended in the next fiscal year in accordance with the grant/contract period.

(n) **Revenue Recognition**—The Coalition receives all of its grant and contract revenue from Federal, State and local agencies. The Coalition recognizes grant/contract revenue (up to the contract ceiling) from its grants/contracts over a period which represents the service period for certain grants/contracts, or to the extent of expenses. Revenue recognition depends on the grant/contract.

EARLY LEARNING COALITION OF THE BIG BEND REGION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

(2) **Significant Funding Sources:**

The Coalition receives a substantial amount of its funding from the U.S. Department of Health and Human Services Administration and the Florida Department of Education Office of Early Learning. A significant reduction in the level of this funding, if this were to occur, could have an adverse effect on the Coalition's programs and activities.

(3) **Concentrations of Credit Risk:**

The more significant concentrations of credit risk are as follows:

(a) **Demand and Time Deposits**—The Coalition maintains demand deposits with one bank. The Coalition has no policy requiring collateral, although all demand and time deposits with the bank are Federally insured up to FDIC limits.

(b) **Grants and Contracts Receivable**—The Coalition's grants and contracts receivable are for amounts due under grants/contracts with the State of Florida and Federal government agencies. The Coalition has no policy requiring collateral or other security to support its grants and contracts receivable.

(4) **Retirement Plan:**

The Coalition participates in a voluntary deferred profit sharing plan 401(k) for its employees. Employees are eligible for participation in the plan three months following their date of employment. Employees become eligible for employer contributions to the plan after one year (designated in the plan as 800 hours) of employment. Contributions by the Coalition to the plan are based on a percentage of employee salaries and vest 100% to employees after two years of plan participation. During the year ended June 30, 2017 expenses under this plan were \$98,385.

(5) **Property and Equipment:**

The following is a summary of property and equipment at June 30, 2017:

Office Furniture	\$ 170,050
Office and computer equipment	142,043
Software and licenses	<u>105,712</u>
	417,805
Less: accumulated depreciation	<u>387,361</u>
Total	<u><u>\$ 30,444</u></u>

EARLY LEARNING COALITION OF THE BIG BEND REGION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

(6) Operating Leases:

The Coalition has entered into various operating leases for office space and equipment. The following is a schedule of future minimum lease payments required under these lease agreements:

Year ending June 30,	Amount
2018	\$ 422,681
2019	388,203
2020	375,991
2021	364,024
2022	373,143
Thereafter	1,904,333
Total	\$ 3,828,375

(7) Matching Requirements:

The Coalition's funding grant from the state of Florida includes a provision requiring a local match for the direct child care service program operated in its seven county regions. Except for Leon County, Florida, the Coalition can request annual waivers of the match requirement for the remaining six rural counties served that demonstrate significant hardship in meeting the match requirement.

(8) Donated Materials and Professional Services:

Consulting and other non-cash donations are recorded at either estimated fair value at the date of donation. In the absence of donor-imposed stipulations regarding how long the contributed assets must be used, the Coalition has adopted a policy of not implying a time restriction on contributions of such assets. Such donations amounted to \$73,200 for the year ended June 30, 2017.

(9) Donated Non-Professional Services:

Many individuals volunteer their time and perform a variety of tasks that assist the Coalition with specific child care service programs. The Coalition tracks their time and then estimates the value of these donated services, which are not reflected in the financial statements, as they do not meet the recognition criteria pursuant to professional standards.

The Coalition has estimated that dedicated volunteers have donated hours of child care services. Management has estimated these donated services to be a costs savings of approximately \$9,000.

EARLY LEARNING COALITION OF THE BIG BEND REGION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

(10) **Contingencies:**

(a) **Grant Programs**—Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal government and the State of Florida. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Coalition expects such amounts, if any, to be immaterial.

(b) **Litigation**— The Coalition has been named in a lawsuit. The Coalition believes the claim has no merit and the current position is to vigorously contest any such claims or litigation. The Coalition believes that resolution of this suit will not have a material adverse effect on its financial position.

(11) **Unconditional Promises to Give:**

The Organization had unconditional promises to give representing the following at June 30, 2017:

United Way	\$ <u>37,577</u>
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(12) **Related Party Transactions:**

The Coalition has certain board members who are also providers of VPK and SR services. For the year ended June 30, 2017, the Organization paid these vendors \$792,770. All payments were in the normal course of business. At June 30, 2017 \$19,804 was due to related parties.

(13) **Recently issued accounting pronouncements:**

The Organization has considered the new pronouncements that altered accounting principles generally accepted in the United States of America, and other than as disclosed in the notes to the financial statements below, does not believe that any other new or modified principles will have a material impact on the Organization's reported financial position or operations in the near term.

In May 2014, the FASB issued Accounting Standards Update 2014-09: Revenue from Contracts with Customers, to clarify the principles used to recognize revenue for all entities. The new standard (as amended) is effective for fiscal years beginning after December 15, 2018 and may be adopted early. The Organization is currently evaluating the effect that implementation of the new standard will have on its financial position, results of operations, and cash flows.

In February 2016, the FASB issued Accounting Standards Update 2016-02: Leases (Topic 842), to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements. The new standard is effective for fiscal years beginning after December 15, 2019 and may be adopted early. The Organization is currently evaluating the effect that implementation of the new standard will have on its financial position, results of operations, and cash flows.

EARLY LEARNING COALITION OF THE BIG BEND REGION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

(13) **Recently issued accounting pronouncements:** (Continued)

In August 2016, the FASB issued Accounting Standards Update 2016-14: Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities, to make improvements to the information provided in financial statements and accompanying notes of not-for-profit entities, including net asset classification requirements and the information presented about an entity's liquidity, financial performance, and cash flows. The new standard is effective for fiscal years beginning after December 15, 2017 and may be adopted early. The Organization is currently evaluating the effect that implementation of the new standard will have on its financial position, results of operations, and cash flows.

(14) **Temporarily Restricted Net Assets:**

At June 30, 2017, temporarily restricted net assets include \$37,577 of an unconditional promise to give receivable.

(15) **Subsequent Events:**

The Coalition has evaluated events and transactions for potential recognition or disclosure in the financial statements through March 12, 2018, the date which the financial statements were available to be issued. No subsequent events have been recognized or disclosed.

EARLY LEARNING COALITION OF THE BIG BEND REGION, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2017

Federal Grantor/State Grantor/Pass Through Grantor/ Program Title	Federal CFDA Number	State CSFA Number	Pass-Through Entity Identifying Contract Number	Expenditures
FEDERAL AWARDS				
U.S. Department of Health and Human Services				
Passed through State of Florida Department of Education Office of Early Learning				
Child Care and Development Block Grant	93.575	-	PP047	\$ 626,513
Child Care and Development Block Grant	93.575	-	SR047	2,645,795
				<u>3,272,308</u>
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	-	SR047	3,536,541
			Total CCDF cluster	<u>6,808,849</u>
Social Services Block Grant	93.667	-	SR047	49,454
Temporary Assistance for Needy Families	93.558	-	SR047	6,030,847
			Total TANF Cluster	<u>6,030,847</u>
Total Federal Awards				<u>12,889,150</u>

The accompanying notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance are an integral part of this schedule.

EARLY LEARNING COALITION OF THE BIG BEND REGION, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2017
(CONTINUED)

Federal Grantor/State Grantor/Pass Through Grantor/ Program Title	Federal CFDA Number	State CSFA Number	Pass-Through Entity Identifying Contract Number	Expenditures
STATE FINANCIAL ASSISTANCE				
Florida Department of Education Office of Early Learning				
Voluntary Pre-Kindergarten Education Program	-	48.108	SV048	\$ 34,216
Voluntary Pre-Kindergarten Education Program	-	48.108	SV047	6,652,319
Voluntary Pre-Kindergarten Education Program	-	48.108	OA047	20,156
				<u>6,706,691</u>
Total State Assistance				<u>6,706,691</u>
Total Federal Awards and State Financial Assistance				<u>\$ 19,595,841</u>

The accompanying notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance are an integral part of this schedule.

**EARLY LEARNING COALITION OF THE BIG BEND REGION, INC.
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2017**

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance (the Schedule) includes the Federal awards and State financial assistance activity of Early Learning Coalition of the Big Bend, Inc. under programs of the federal and state government for the year ended June 30, 2017 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 State of Florida, Office of the Auditor General. Because the Schedule presents only a selected portion of the operations of Early Learning Coalition of the Big Bend, Inc. it is not intended to and does not present the financial position, changes in net assets, or cash flows of Early Learning Coalition of the Big Bend, Inc..

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

Note 3. De Minimis Indirect Cost Rate Election

Early Learning Coalition of the Big Bend, Inc. has elected not to use the 10 percent de minimis indirect cost rate as allowed under Uniform Guidance.

**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 the Big Bend Region, 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 Early Learning Coalition of the Big Bend Region, Inc. (the "Coalition"), 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 March 12, 2018.

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 opinion on the financial statements, but not for the purpose of expressing 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 Coalition's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Coalition's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 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.

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large initial 'J'.

Tallahassee, Florida
March 12, 2018

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

To the Board of Directors,
Early Learning Coalition of the Big Bend Region, Inc.:

Report on Compliance for Each Major Federal Program and State Projects

We have audited Early Learning Coalition of the Big Bend Region, Inc.'s compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (*OMB*) *Compliance Supplement*, the requirements described in the *Florida Department of Financial Services' State Projects Compliance Supplement*, and special audit guidance provided by the Office of Early Learning that could have a direct and material effect on each of Early Learning Coalition of the Big Bend Region, Inc.'s major federal programs and major state projects for the year ended June 30, 2017. Early Learning Coalition of the Big Bend Region, Inc.'s major federal programs and major state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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2477 Tim Gamble Place, Suite 200
Tallahassee, FL 32308-4386
Telephone: 850-386-6184

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

Opinion on Each Major Federal Program and State Project

In our opinion, the Early Learning Coalition of the Big Bend Region, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and major state project for the year ended June 30, 2017.

Report on Internal Control Over Compliance

Management of Early Learning Coalition of the Big Bend Region, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Early Learning Coalition of the Big Bend Region, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and state project as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state project and to test and report on internal control over compliance in accordance with the Uniform Guidance, Chapter 10.650, Rules of the State of Florida, Office of the Auditor General, and special audit guidance provided by the Office of Early Learning 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 Early Learning Coalition of the Big Bend Region, Inc.'s internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that were not 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, Chapter 10.650, Rules of the State of Florida Office of the Auditor General, and special audit guidance provided by the Office of Early Learning. Accordingly, this report is not suitable for any other purpose.

James Moore & Co., P.L.

Tallahassee, Florida
March 12, 2018

**EARLY LEARNING COALITION OF THE BIG BEND REGION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

I. Summary of Auditors' Results:

Financial Statements

Type of audit report issued: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X no
- Significant deficiencies identified? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major Federal programs:

- Material weakness(es) identified? _____ yes X no
- Significant deficiencies identified? _____ yes X none reported

Types of auditor's report issued on compliance for major Federal programs: *Unmodified*

Any audit findings that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes X no

Identification of major Federal programs:

Federal Program	Federal CFDA Number
TANF Cluster	93.558

Dollar threshold used to distinguish between type A and type B Federal programs: \$ 750,000

Auditee qualified as low-risk auditee? X yes _____ no

**EARLY LEARNING COALITION OF THE BIG BEND REGION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

I. Summary of Auditors' Results: (Continued)

State Financial Assistance

Internal control over major State projects:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified? _____ yes X none reported

Types of auditor's report issued on compliance for major State projects: *Unmodified.*

Any audit findings disclosed that are required to be reported related to state financial assistance projects? ___yes X no

Identification of major projects

State Projects	State CSFA Number
Voluntary Pre-Kindergarten Education Program	48.108
Dollar threshold used to distinguish between type A and type B State projects:	\$300,000

IV. Financial Statement Findings: None.

V. Federal Award Findings and Questioned Costs: None.

VI. State Project Findings and Questioned Costs: None.

VII. State Project Prior Year Audit Findings: None.

VIII. Management letter in Accordance with Chapter 10.650, Rules of the State of Florida, Office of the Auditor General: Nothing to Report

IX. State of Florida, Department of Education – Office of Early Learning (OEL) Reporting Requirements:

- | | |
|--|-----|
| 1. Enhanced Fields System (EFS) reconciled monthly to Coalition financial records | Yes |
| 2. Processes in place to identify and correct errors during monthly reconciliations to EFS | Yes |
| 3. Coalition's financial records reconcile and agree to EFS | Yes |
| 4. Audit work papers documenting verification of reconciliations available to OEL staff | Yes |

**EARLY LEARNING COALITION OF THE BIG BEND REGION, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017**

Finding 2016-001: Eligibility Determinations

Status: Resolved



March 12, 2018

James Moore & Co., P.L.
2477 Tim Gamble Place, Suite 200
Tallahassee, Florida 32308

This representation letter is provided in connection with your audit of the financial statements of Early Learning Coalition of the Big Bend Region, Inc., which comprise the statement of financial position as of June 30, 2017 and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of March 19, 2018:

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated August 7, 2015, for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
- The financial statements referred to above have been fairly presented in accordance with U.S. GAAP and include all proper classifications, supplementary information, and note disclosures.
- We acknowledge our responsibility 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.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- Significant assumptions we used in making accounting estimates are reasonable.
- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.



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- The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
 - All assets and liabilities under the entity's control are included in the financial statements.
 - Net assets presented in the statement of financial position are appropriately classified, and reclassifications between net assets are appropriate.
 - We have maintained an appropriate composition of assets in amounts needed to comply with all donor restrictions.
 - We have accurately presented the entity's position regarding taxation and tax-exempt status.
 - The bases used for allocation of functional expenses are reasonable and appropriate.
 - We have designed, implemented, and maintained adequate internal controls over the receipt and recording of contributions.
 - We have complied with all contractual agreements, grants, and donor restrictions.
 - Material concentrations have been appropriately disclosed in accordance with U.S. GAAP.
 - Receivables recorded in the financial statements represent valid claims against grantors or others for claims arising on or before the balance sheet date and have been reduced to their estimated net realizable value.
 - As part of your audit, you prepared the draft financial statements and related notes and schedule of expenditures of federal awards and state financial assistance, depreciation schedule, data collection form and Federal Form 990 tax return. We have designated Tracie Hodge as the individual with suitable skill, knowledge, or experience to oversee your services and have made all management decisions and performed all management functions. We have reviewed, approved, and accepted responsibility for those financial statements and related notes, schedule of expenditures of federal awards and state financial assistance, depreciation schedule, data collection form and Federal Form 990 tax return.
 - We understand that you prepared the trial balance for use during the audit and that your preparation of the trial balance was limited to formatting information into a working trial balance based on management's chart of accounts.

Information Provided

- We have provided you with:
 - Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, other matters and all audit or relevant monitoring reports, if any, received from funding sources.
 - Communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.



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- Additional information that you have requested from us for the purpose of the audit.
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - All transactions have been recorded in the accounting records and are reflected in the financial statements or the schedule of expenditures of federal awards and state financial assistance.
 - We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
 - We have no knowledge of any instances, that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance, whether communicated by employees, former employees, vendors, regulators, or others.
 - We have no knowledge of any instances that have occurred or are likely to have occurred, of noncompliance of contracts and grant agreements that has a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
 - We have no knowledge of any instances that have occurred or are likely to have occurred of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
 - We have taken timely and appropriate steps to remedy fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements, or abuse that you have reported to us.
 - We have a process to track the status of audit findings and recommendations.
 - We have identified for you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
 - We have provided views on your reported audit findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
 - We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, vendors, grantors, regulators, or others.
 - We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements .
 - We have disclosed to you the identity of the organization's related parties and all the related party relationships and transactions of which we are aware.
 - There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
 - Early Learning Coalition of the Big Bend, Inc. has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.



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- We have disclosed to you all guarantees, whether written or oral, under which Early Learning Coalition of the Bid Bend Region, Inc. is contingently liable.
 - We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts.
 - There are no:
 - Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
 - Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with FASB Accounting Standards Codification (ASC) 450, *Contingencies*.
 - Other liabilities or gain loss contingencies that are required to be accrued or disclosed by ASC-450.
 - We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
 - The organization has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral except as made known to you.
 - We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
 - Early Learning Coalition of the Big Bend Region, Inc. is an exempt organization under Section 501(c) (3) of the Internal Revenue Code. Any activities of which we are aware that would jeopardize the Organization's tax-exempt status, and all activities subject to tax on unrelated business income or excise or other tax, have been disclosed to you. All required filings with tax authorities are up-to-date.
 - We acknowledge our responsibility for presenting the Schedule of Expenditures of Federal Awards and State Financial Assistance in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.650, Rules of the State of Florida Office of the Auditor General, and we believe the Schedule of Expenditures of Federal Awards and State Financial Assistance, including its form and content, is fairly presented in accordance with Uniform Guidance. The methods of measurement and presentation of the Schedule of Expenditures of Federal Awards and State Financial Assistance have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
 - If the Schedule of Expenditures of Federal of Awards and State Financial Assistance are not presented with the audited financial statements, we will make the audited financial statements



readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.

Uniform Guidance

- With respect to federal award programs:
 - We are responsible for understanding and complying with and have complied with the requirements of and the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) as applicable.
 - We are responsible for the preparation and presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance.
 - We believe the schedule of expenditures of federal awards, including its form and content, is fairly presented in accordance with the Uniform Guidance.
 - As part of your audit, you prepared the draft financial statements and related notes and schedule of expenditures of federal awards. We have designated an individual, Travis Gordon, with suitable skill, knowledge, or experience to oversee your services and have made all management decisions and performed all management functions. We have reviewed, approved, and accepted responsibility for those financial statements and related notes and schedule of expenditures of federal awards.
 - The methods of measurement or presentation have not changed from those used in the prior period.
 - We are responsible for including the auditor's report on the schedule of expenditures of federal awards in any document that contains the schedule and that indicates that the auditor has reported on such information.
 - We have notified you of federal awards and funding increments that were received before December 26, 2014, and differentiated those awards from awards received on or after December 26, 2014, and subject to the audit requirements of the Uniform Guidance.
 - We have notified you if we have elected to delay implementation the procurement sections (317 to 326) of the Uniform Guidance as allowed for two fiscal years after the effective date of the uniform guidance. We understand that sections 317 to 326 are allowed to be delayed until fiscal years beginning on or after December 26, 2017
 - When the schedule of expenditures of federal awards is not presented with the audited financial statements, management will make the audited financial statements readily



available to the intended users of the schedule of expenditures of federal awards no later than the date of issuance by the entity of the schedule of expenditures of federal awards and the auditor's report thereon.

- We have, in accordance with the Uniform Guidance identified in the schedule of expenditures of federal awards, expenditures made during the audit period for all awards provided by federal agencies in the form of grants, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, food commodities, direct appropriations, and other assistance.
- We are responsible for complying with the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of our federal programs and have identified and disclosed to you the requirements of laws, regulations, and the provisions of contracts and grant agreements that are considered to have a direct and material effect on each major federal program; and we have complied, in all material respects, with these requirements.
- We have provided to you our interpretations of any compliance requirements that have varying interpretations.
- We are responsible for establishing and maintaining effective internal control over compliance requirements applicable to federal programs that provide reasonable assurance that we are managing our federal awards in compliance with laws, regulations, and the provisions of contracts and grant agreements that could have a material effect on our federal programs. Also, no changes have been made in the internal control system to the date of this letter that might significantly affect internal control, including any corrective action taken with regard to significant deficiencies, including material weaknesses, reported in the schedule of findings and questioned costs.
- We have made available to you all contracts and grant agreements (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relating to federal programs.
- We have received no requests from a federal agency to audit one or more specific programs as a major program.
- We have identified and disclosed to you all amounts questioned and any known noncompliance with the direct and material compliance requirements of federal awards, including the results of other audits or program reviews or stated that there was no such noncompliance. We also know of no instances of noncompliance with direct and material compliance requirements occurring subsequent to the period covered by the auditor's report.
- We have disclosed to you any communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the direct and material



compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.

- We have properly classified amounts claimed or used for matching of federal awards.
- We have charged costs to federal awards in accordance with applicable cost principles, including amounts claimed or used for matching determined in accordance with relevant guidelines in the Uniform Guidance.
- We have made available to you all documentation related to the compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
- Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared (and are prepared on a basis consistent with the schedule of expenditures of federal awards).
- The copies of federal program financial reports provided to you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.
- We have properly classified amounts claimed or used for matching in accordance with related guidelines in the Uniform Guidance.
- We have charged costs to federal awards in accordance with the provisions of the Uniform Guidance.
- We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by the Uniform Guidance, and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.
- We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
- The reporting package does not contain personally identifiable information.
- We are responsible for and have accurately completed the appropriate sections of the Data Collection Form as required by the Uniform Guidance, and we are responsible for preparing and implementing a correction action plan for each audit finding.



-
- We have disclosed all contracts or other agreements with service organizations and disclosed to you all communications from these service organizations relating to noncompliance at the organizations.
 - We have reviewed, approved, and taken responsibility for the financial statements and related notes and an acknowledgment of the auditor's role in the preparation of this information.
 - We have reviewed, approved, and taken responsibility for accrual adjustments and an acknowledgment of the auditor's role in the preparation of the adjustments.
 - We have disclosed to you the nature of any subsequent events that provide additional evidence with respect to conditions that existed at the end of the reporting period that affect noncompliance during the reporting period.

Section 215.97 Florida Statutes, Florida Single Audit Act (“Florida Single Audit Act”) and Chapter 10.650, Rules of the State of Florida Office of the Auditor General (“Chapter 10.650”)

- With respect to state financial assistance projects:
 - We are responsible for understanding and complying with and have complied with the requirements of Florida Single Audit Act and Chapter 10.650, Rules of the State of Florida Office of the Auditor General, including requirements relating to preparation of the schedule of expenditures of federal awards and state financial assistance.
 - We are responsible for the preparation and presentation of the schedule of expenditures of federal awards and state financial assistance in accordance with the Florida Single Audit Act and Chapter 10.650. Rules of the State of Florida office of the Auditor General and have identified and disclosed in the schedule expenditures made during the audit period for all awards provided by state agencies in the form of grants, state cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance.
 - We acknowledge our responsibility for presenting the schedule of expenditures of federal awards and state financial assistance (SEFA) in accordance with the requirements of Chapter 10.650, Rules of the State of Florida Office of the Auditor General, and we believe the SEFA, including its form and content, is fairly presented in accordance with Chapter 10.650. The methods of measurement and presentation of the SEFA have not changed from those used in the prior period, and we have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the SEFA.
 - If the SEFA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary



information no later than the date we issue the supplementary information and the auditor's report thereon.

- We have identified and disclosed to you all of our government programs and related activities subject to Section 215.97, Florida Statutes, Florida Single Audit Act, and Chapter 10.650, Rules of the State of Florida Office of the Auditor General.
- We are responsible for understanding and complying with the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of our state financial assistance projects and have identified and disclosed to you the requirements of laws, regulations and the provisions of contracts and grant agreements that are considered to have a direct and material effect on each major state financial assistance project.
- We are responsible for establishing and maintaining effective internal control over compliance requirements applicable to state projects that provide reasonable assurance that we are managing our state financial assistance in compliance with laws, regulations, and the provisions of contracts and grant agreements that could have a material effect on our state projects. Also, no changes have been made in the internal control system to the date of this letter that might significantly affect internal control, including any corrective action taken with regard to significant deficiencies, including material weaknesses, reported in the schedule of findings and questioned costs.
- We have made available to you all contracts and grant agreements (including amendments, if any) and any other correspondence with state agencies or pass-through entities relating to state projects.
- We have received no requests from a state agency to audit one or more specific programs as a major state project. We have complied, in all material respects, with the compliance requirements, including when applicable, those set forth in the State of Florida Department of Financial Services State Projects Compliance Supplement, relating to state financial assistance projects and have identified and disclosed to you all amounts questioned and any known noncompliance with the requirements of state financial assistance projects resulting from other audits or program reviews.
- We have disclosed any communications from grantors and pass-through entities concerning possible noncompliance with the applicable compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
- We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken up to the date of the auditor's report.
- Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB Circular A-122, Cost Principles for Nonprofit Organizations, and Subpart C, Cost Sharing and Matching, of OMB Circular A-110, Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Nonprofit Organizations, of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative*



Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) as applicable.

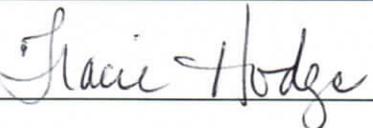
- We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.
- We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to state financial assistant project financial reports and claims for advances and reimbursements.
- We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
- There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report.
- No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies in internal control over compliance (including material weaknesses in internal control over compliance) have occurred subsequent to the date as of which compliance was audited.
- State financial assistance project financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared.
- The copies of state financial assistance financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective state agency or pass-through entity, as applicable.
- We have considered the results of subrecipient audits and have made any necessary adjustments to our books and records.
- We have charged costs to state financial assistance projects in accordance with applicable cost principles.
- We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by Chapter 10.650, Rules of the State of Florida Office of the Auditor General, and we have provided you with all information on the status of the follow-up on prior audit findings by state awarding agencies and pass-through entities, including all management decisions.
- We are responsible for submitting and have accurately prepared the Auditor General Submittal Checklist as required by Chapter 10.650, Rules of the State of Florida Office of the Auditor General.



- We are responsible for preparing and implementing a corrective action plan for each audit finding.
- We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- The Organization's Federal information tax returns for the past three years are subject to examination by the IRS, generally for three years after they were filed. The Organization recognizes tax benefits only to the extent the Organization believes it is "more likely than not" that its tax positions will be sustained upon IRS examination. Accordingly, the provision for unpaid federal taxes (liability for unrecognized tax benefits) in the statement of financial position reflects all tax positions that the Organization believes do not have greater than a 50% chance of realization after examination.
- We have evaluated and classified any subsequent events as recognized or nonrecognized and disclosed the date through which this determination was made. No events, including instances of noncompliance, have occurred subsequent to the statement of financial position date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements or in the schedule of findings and questioned costs.

Signature:  _____

Title: Chief Executive Officer _____

Signature:  _____

Title: Chief Financial Officer _____