

Financial Statements
and Supplementary Information

Early Learning Coalition of the Big Bend Region, Inc.

*Years ended June 30, 2014 and 2013
with Report of Independent Auditors*

Thomas Howell
 Ferguson P.A.

Early Learning Coalition of the Big Bend Region, Inc.

Financial Statements
and Supplementary Information

Years ended June 30, 2014 and 2013

Contents

Report of Independent Auditors	1
Financial Statements	
Statements of Financial Position	4
Statements of Activities and Changes in Net Liabilities	5
Statements of Cash Flows	6
Notes to Financial Statements	7
Other Financial Information	
Schedule of Functional Expenses	12
Other Reports	
Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	13
Report of Independent Auditors on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133 and Chapter 10.650, <i>Rules of the Auditor General</i>	15
Schedule of Expenditures of State Financial Assistance and Federal Awards	17
Schedule of Findings and Questioned Costs Relating to State Financial Assistance and Federal Awards	18

Report of Independent Auditors

The Board of Directors of
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. (the Coalition) which comprise the statements of financial position as of June 30, 2014 and 2013, and the related statements of activities and changes in net liabilities, and cash flows for the years 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 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.

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, 2014 and 2013, and the changes in its net liabilities and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Coalition's basic financial statements. The schedule of functional expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Coalition. The accompanying schedule of expenditures of state financial assistance and federal awards and schedule of findings and questioned costs relating to state financial assistance and federal awards are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and *Chapter 10.650, Rules of the Auditor General, State of Florida* and are not a required part of the basic financial statements.

The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 basic 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 9, 2015 on our consideration of the Coalition'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 Coalition's internal control over financial reporting and compliance.

Thomas Howell Ferguson P.A.

Tallahassee, Florida
March 9, 2015

Early Learning Coalition of the Big Bend Region, Inc.

Statements of Financial Position

	June 30,	
	<u>2014</u>	<u>2013</u>
Assets		
Current assets:		
Cash	\$ 783,523	\$ 682,679
Accounts receivable	677,279	613,549
Prepaid expenses	<u>11,397</u>	<u>13,461</u>
Total current assets	1,472,199	1,309,689
Property and equipment, net	<u>84,584</u>	<u>116,755</u>
Total assets	<u>\$ 1,556,783</u>	<u>\$ 1,426,444</u>
Liabilities and net liabilities		
Current liabilities:		
Direct child care services payable	\$ 1,163,164	\$ 1,064,530
Accounts payable and accrued expenses	377,491	354,883
Unearned revenue	<u>20,960</u>	<u>20,016</u>
Total liabilities	1,561,615	1,439,429
Net liabilities:		
Unrestricted	<u>(4,832)</u>	<u>(12,985)</u>
Total liabilities and net liabilities	<u>\$ 1,556,783</u>	<u>\$ 1,426,444</u>

See accompanying notes.

Early Learning Coalition of the Big Bend Region, Inc.

Statements of Activities and Changes in Net Liabilities

	Years ended June 30,	
	<u>2014</u>	<u>2013</u>
Revenues:		
Program revenue	\$ 22,361,325	\$ 21,077,544
Local match revenue	157,268	179,828
In-kind contributions	135,955	139,629
Miscellaneous	<u>32,266</u>	<u>24,095</u>
Total revenues	22,686,814	21,421,096
Expenses:		
Program	21,888,110	20,601,633
General and administrative expenses	<u>790,551</u>	<u>877,278</u>
Total expenses	22,678,661	21,478,911
Change in unrestricted net liabilities	8,153	(57,815)
Net (liabilities) assets at beginning of year	<u>(12,985)</u>	<u>44,830</u>
Net liabilities at end of year	<u>\$ (4,832)</u>	<u>\$ (12,985)</u>

See accompanying notes.

Early Learning Coalition of the Big Bend Region, Inc.

Statements of Cash Flows

	Years ended June 30,	
	<u>2014</u>	<u>2013</u>
Operating activities		
Change in unrestricted net liabilities	\$ 8,153	\$ (57,815)
Adjustments to reconcile to net cash provided by (used in) operating activities:		
Depreciation	42,021	62,988
Changes in operating assets and liabilities		
Accounts receivable	(63,730)	(55,523)
Prepaid expenses	2,064	(2,416)
Direct child care services payable	98,634	(9,307)
Accounts payable and accrued expenses	22,608	7,398
Unearned revenue	944	20,016
Net cash provided by (used in) operating activities	<u>110,694</u>	<u>(34,659)</u>
Investing activities		
Purchases of equipment	<u>(9,850)</u>	<u>(47,756)</u>
Net cash used in investing activities	<u>(9,850)</u>	<u>(47,756)</u>
Net increase (decrease) in cash	100,844	(82,415)
Cash at beginning of year	<u>682,679</u>	<u>765,094</u>
Cash at end of year	<u>\$ 783,523</u>	<u>\$ 682,679</u>

See accompanying notes.

Early Learning Coalition of the Big Bend Region, Inc.

Notes to Financial Statements

Years ended June 30, 2014 and 2013

1. Summary of Significant Accounting Policies

Nature of Business

The 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 Department of Health and Human Services.

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.

Basis of Presentation

The Coalition uses the accrual basis of accounting. The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The significant accounting policies are described below.

Cash

Cash consists of demand deposits with a financial institution. The financial instruments exposed to concentrations of credit risk consist primarily of its cash. 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.

During 2013 and until June 1, 2014, the Coalition had a sweep agreement with the financial institution in which its demand deposit accounts are maintained. Under the terms of the agreement, balances in excess of \$250,000 in the operating account are swept daily into a money market account. Interest earned on funds swept into the money market account was 0.30% at May 31, 2014.

As of June 1, 2014, the Coalition has entered into a zero balance account (ZBA) agreement with the financial institution in which funds are kept in an interest bearing account and are pulled into the demand deposit accounts as needed. Interest earned on the funds in the ZBA account was 0.30% at June 30, 2014.

Early Learning Coalition of the Big Bend Region, Inc.

Notes to Financial Statements

1. Summary of Significant Accounting Policies (continued)

Grants Receivable

Receivables are recorded by the Coalition for funds to be received from various federal and state grants as revenues are earned. An allowance for uncollectible grant receivables has not been recorded as all amounts are deemed by management to be collectible.

Property and Equipment

Property and equipment is recorded at cost less accumulated depreciation. Depreciation is computed on the straight-line method over the estimated useful lives of the related assets. The estimated useful lives are as follows:

	<u>Useful Lives</u>
Software and licenses	3 years
Equipment	3 - 5 years
Furniture	5 - 7 years

The Coalition's policy is to capitalize asset acquisitions or items donated with a value greater than \$1,000 and an estimated useful life of at least one year.

Revenue Recognition

The Coalition performs various services under cost reimbursement contracts. Revenues are recognized on the basis of expenses incurred for cost reimbursement contracts. Amounts earned but not received are reported as grants receivable.

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 these 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.

During the fiscal years ended June 30, 2014 and 2013, 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.

Early Learning Coalition of the Big Bend Region, Inc.

Notes to Financial Statements

1. Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

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.

Donated facilities, equipment, and other non-cash donations are recorded at either estimated rental values or 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 \$135,955 and \$139,630 for the years ended June 30, 2014 and 2013, respectively.

Some members of the community have donated significant amounts of time to the Coalition in furthering the Coalition's program and objectives. No amounts have been included in the financial statements for donated member or volunteer services since they did not meet the criteria for recognition.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and changes in net liabilities. Accordingly, certain costs have been allocated among programs and the supporting services benefited.

Income Taxes

Pursuant to a determination letter received from the Internal Revenue Service, the Coalition is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, and as such, is liable for tax only on business income unrelated to the purpose for which it is exempt.

No provision for income taxes has been recorded in the accompanying financial statements. With few exceptions, the Coalition is no longer subject to examinations by major tax jurisdictions for years ended June 30, 2010 and prior.

Subsequent Events

The Coalition has evaluated subsequent events through March 9, 2015, the date the financial statements were available to be issued. During the period from June 30, 2014 to March 9, 2015, the Coalition did not have any material recognizable subsequent events.

Early Learning Coalition of the Big Bend Region, Inc.

Notes to Financial Statements

1. Summary of Significant Accounting Policies (continued)

Use of Estimates

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

2. Property and Equipment

The major components of property and equipment are as follows:

	June 30,	
	<u>2014</u>	<u>2013</u>
Office furniture	\$ 223,194	\$ 184,833
Office and computer equipment	188,035	281,102
Software and licenses	<u>119,910</u>	<u>123,278</u>
	531,139	589,213
Less accumulated depreciation	<u>(446,555)</u>	<u>(472,458)</u>
	<u>\$ 84,584</u>	<u>\$ 116,755</u>

Depreciation and amortization expense totaled \$42,021 and \$62,988 for the years ended June 30, 2014 and 2013, respectively.

3. 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 years ended June 30, 2014 and 2013, expenses under this plan were \$85,186 and \$86,912, respectively.

4. Donated 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.

Early Learning Coalition of the Big Bend Region, Inc.

Notes to Financial Statements

4. Donated Services (continued)

The Coalition has estimated that dedicated volunteers have donated hours of child care services in the amount of 2,726 and 3,056 for the years ended June 30, 2014, and 2013, respectively. Management has estimated these donated services to be a costs savings of approximately \$21,154 and \$23,722 for the years ended June 30, 2014 and 2013, respectively.

5. Direct Child Care Services Program 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 region. 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.

6. Concentrations

The Coalition receives substantially all of its support from federal and state grants. A significant reduction in this level of support would have a material effect on the Coalition's programs and activities.

7. Commitments and Contingencies

In the normal course of operations, the Coalition participates in a number of federal and state assisted grant programs. These programs are subject to audit by the grantors or their representatives. Such audits could lead to request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Presently, the Coalition has no such request pending, and in the opinion of management, any such amounts would not be considered material.

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,		
2015	\$	456,810
2016		459,395
2017		413,926
2018		403,684
2019		412,756
Thereafter		<u>616,246</u>
	\$	<u><u>2,762,817</u></u>

Other Financial Information

Early Learning Coalition of the Big Bend Region, Inc.

Schedule of Functional Expenses

Year ended June 30, 2014

	Program Services					Total Program Services	General & Administrative	Total Expenses
	School Readiness & Related Child Care Services	Voluntary Pre- Kindergarten Services	Other Child Care Research & Support Programs					
Salaries and benefits	\$ 1,711,340	\$ 92,374	\$ 26,111	\$ 1,829,825	\$ 612,751	\$ 2,442,576		
Training and development	4,218	592	1,521	6,331	12,427	18,758		
Professional services	-	-	-	-	39,169	39,169		
Contracted services	12,318,847	6,703,306	2,651	19,024,804	3,638	19,028,442		
Consultants	8,224	-	-	8,224	2,481	10,705		
Occupancy	438,672	20,627	-	459,299	24,491	483,790		
Advertising and public outreach	3,980	6,984	11	10,975	424	11,399		
Supplies and materials	150,937	7,419	4,876	163,232	8,014	171,246		
Technology maintenance	130,693	5,969	300	136,962	20,156	157,118		
Office furniture and equipment	85,214	4,196	1,073	90,483	7,869	98,352		
Travel	14,636	941	245	15,822	13,849	29,671		
Depreciation	-	-	-	-	42,021	42,021		
In-kind expenses:								
Program materials	50,907	-	-	50,907	-	50,907		
Office space	85,048	-	-	85,048	-	85,048		
Printing and postage	3,405	1,334	1,366	6,105	2,900	9,005		
Other miscellaneous	-	-	93	93	361	454		
	<u>\$ 15,006,121</u>	<u>\$ 6,843,742</u>	<u>\$ 38,247</u>	<u>\$ 21,888,110</u>	<u>\$ 790,551</u>	<u>\$ 22,678,661</u>		

See report of independent auditors.

Supplementary Information

Report of Independent Auditors 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 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 the Big Bend Region, Inc. (the Coalition), which comprise the statement of financial position as of June 30, 2014, and the related statements of revenues, expenses, and changes in net liabilities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 9, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit, 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 an opinion on the effectiveness of the Coalition's internal control. Accordingly, we do not express an opinion on the effectiveness of the Coalition's internal control over financial reporting.

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

Purpose of This Report

This 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Tallahassee, Florida
March 9, 2015

Report of Independent Auditors on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133 and Chapter 10.650, *Rules 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 and State Program

We have audited the compliance of the Early Learning Coalition of the Big Bend Region, Inc. (the Coalition) with the types of compliance requirements described in the *OMB Circular A-133 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 the Coalition's major programs for the year ended June 30, 2014. The Coalition's major programs 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 the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Coalition's major federal and state 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 Chapter 10.650, *Rules of the Auditor General*. Those standards and Chapter 10.650, *Rules of the Auditor General*, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the major federal and state programs occurred. An audit includes examining, on a test basis, evidence about the Coalition'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 the Coalition's major federal and state programs. However, our audit does not provide a legal determination of the Coalition's compliance.

Opinion on the Major Programs

In our opinion, the Coalition complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal and state programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of the Coalition 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 Coalition's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal and state programs to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its major federal and state programs and to test and report on internal control over compliance in accordance with *OMB Circular A-133* 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 Coalition'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 major federal or state program 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 major federal or state program will not be prevented or detected and corrected on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a major federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the 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 *OMB Circular A-133* and Chapter 10.650, *Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose.



Tallahassee, Florida
March 9, 2015

Early Learning Coalition of the Big Bend Region, Inc.

Schedule of Expenditures of State Financial Assistance and Federal Awards

Year ended June 30, 2014

<u>Grantor and Program Title</u>	<u>CFDA/ CSFA</u>	<u>Pass-through Number</u>	<u>Expenditures</u>	<u>Transfers to Subrecipients</u>
Federal Grantor				
U.S. Department of Health and Human Services				
Passed through the Florida Department of Education				
Child Care and Development Block Grant - (CCDBG)				
Child Care Discretionary Fund	93.575	SR043	\$ 3,284,072	\$ 29,032
Child Care Mandatory and Matching Funds of the Child Care Development Fund	93.596	SR043	5,173,103	15,193
Temporary Assistance for Needy Families	93.558	SR043	6,966,750	14,909
Social Services Block Grant	93.667	SR043	14,903	-
Total Federal Awards			<u>15,438,828</u>	<u>59,134</u>
State Grantor				
Florida Department of Education Office of Early Learning				
Voluntary Pre-Kindergarten Education Program	48.108	SV043	6,905,386	-
Total State Awards			<u>6,905,386</u>	<u>-</u>
Total Awards			<u>\$ 22,344,214</u>	<u>\$ 59,134</u>

Note 1 - This schedule of expenditures of state financial assistance and federal awards includes the grant activity of the Early Learning Coalition of the Big Bend Region, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB's Circular A-133, Audits of State, Local Governments, and Non-Profit Organizations.

Note 2 - Amounts included on this schedule include only the expenditures of state financial assistance and federal awards received directly from an awarding agency. Because the schedule presents only a selected portion of the operations of the Coalition, it is not intended to and does not present the financial position, changes in net liabilities, or cash flows of the Coalition. The amounts on the statements of activities and changes in net liabilities include additional expenditures associated with in-kind contributions and other resources committed by the Coalition for purposes of fulfilling the grant program.

See report of independent auditors.

Early Learning Coalition of the Big Bend Region, Inc.
 Schedule of Findings and Questioned Costs
 Relating to State Financial Assistance and Federal Awards
 Year ended June 30, 2014

Section I -- Summary of Auditor's Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal and State Projects

Internal control over major federal projects:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major federal and state projects?	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133?	No

Identification of major programs:

<u>CFDA/CSFA Number</u>	<u>Name of Federal or State Program</u>
93.575, 93.596, 93.558	U.S. Department of Health and Human Services Child Care Development Block Grant Cluster
48.108	Florida Office of Early Learning Voluntary Pre-Kindergarten Services

Dollar threshold used to distinguish between Type A and Type B programs:		Federal	\$463,165
		State	\$300,000

Auditee qualified as low-risk auditee?	Yes
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No exceptions were found in testing the Coalition's monthly reconciliation of its financial records to the statewide school readiness data and reporting system. Monthly reconciliations were performed by the Coalition in a timely and satisfactory manner.

Section II -- Financial Statement Findings

No matters were reported.

Section III -- Federal and State Project Findings and Questioned Costs

No matters were reported.

Section IV -- Other Matters

No matters were reported.

See report of independent auditors.

To the Audit Committee
Early Learning Coalition of the Big Bend Region, Inc.

We are pleased to present this report related to our audit of the financial statements of Early Learning Coalition of the Big Bend Region, Inc. (the Coalition) for the year ended June 30, 2014. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the Coalition's financial reporting process.

Generally accepted auditing standards (AU-C 260, *The Auditor's Communication with Those Charged with Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Area	Comments
Our Responsibilities With Regard to the Financial Statement Audit	Our responsibilities under auditing standards generally accepted in the United States of America and <i>Government Auditing Standards</i> , issued by the Comptroller General of the United States, have been described to you in our arrangement letter dated February 19, 2014. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities which are also described in that letter.
Overview of the Planned Scope and Timing of the Financial Statement Audit	We discussed with members of the Audit Committee and the Coalition's management various matters about which generally accepted auditing standards require communication. These include matters concerning two-way communication, our independence, the audit planning process, the concept of materiality in planning and executing the audit, our approach to internal control relevant to the audit, and the timing of the audit.
Accounting Policies and Practices	Adoption of, or Change in, Accounting Policies Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Coalition. The Coalition did not adopt any significant new accounting policies, nor have there been any changes in existing significant accounting policies during the current period.

Area	Comments
Accounting Policies and Practices (continued)	Significant or Unusual Transactions <p>We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.</p>
Management's Judgments and Accounting Estimates	<p>Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. Management has informed us that they used all the relevant facts available to them at the time to make the best judgments about accounting estimates, and we considered this information in the scope of our audit. Estimates significant to the financial statements include the allocation of indirect costs to the grant programs and the estimated useful lives of property and equipment to calculate depreciation.</p> <p>The Audit Committee may wish to monitor throughout the year the process used to compute and record these accounting estimates.</p>
Financial Statement Disclosures	<p>The notes to Coalition's financial statements include significant explanatory information which should be evaluated in conjunction with the basic financial statements.</p>
Corrected Misstatements	<p>There were various audit adjustments made to the original trial balance presented to us to begin our audit. The total effect of these adjustments was a decrease in net assets by \$50,105. See Exhibit A.</p>
Uncorrected Misstatements	<p>There were no uncorrected misstatements that management determined to be immaterial to the original trial balance presented to us to begin our audit.</p>

Area	Comments
Disagreements With Management	We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements.
Consultations With Other Accountants	We are not aware of any consultations management had with other accountants about accounting or auditing matters.
Significant Issues Discussed With Management	No significant issues arising from the audit were discussed with or the subject of correspondence with management.
Significant Difficulties Encountered in Performing the Audit	During the audit, we encountered some difficulties in receiving requested items timely during fieldwork. This slowed down the progress for the audit and impaired our ability to complete fieldwork timely, which also impacted our ability to deliver audit reports in a timely manner. As in prior years, we incurred additional time and inefficiencies as a result of the delay, for which additional billing will be submitted. Ultimately, the cause of the delays was worked out during the audit with management. We do not anticipate these delays next year as once the issues were brought to management's attention, they were resolved.
Letters Communicating Significant Deficiencies and Material Weaknesses in Internal Control Over Financial Reporting	We have separately communicated any significant deficiencies and material weaknesses in internal control over financial reporting identified during our audit of the financial statements and major rewards, as required by <i>Government Auditing Standards</i> and OMB Circular A-133. This communication is included in the Other Reports section of the financial statements.

Page Four

Area	Comments
Significant Written Communications Between Management and Our Firm	See Exhibit B for a copy of the representation letter we obtained from the Coalition's management.

This letter is intended solely for the information and use of the Audit Committee, Board of Directors, and management of the Coalition and is not intended to be and should not be used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have regarding this letter. We appreciate the opportunity to continue to be of service to the Early Learning Coalition of the Big Bend Region, Inc.

Thomas Howell Ferguson P.A.

Tallahassee, Florida
March 9, 2015

Early Learning Coalition of the Big Bend Region, Inc.
 Year End: June 30, 2014
 Trial balance
 Date: 7/1/2013 To 6/30/2014

Number	Date	Name	Account No	Reference	Debit	Credit	Net Income (Loss) Amount Chg	Recurrence	Misstatement
Net Income (Loss) Before Adjustments									
							32,353.00		
1	6/30/2014	Furniture & Equip	1601	4000. 2	9,850.00				
1	6/30/2014	Capital Outlay	7200	4000. 2		9,850.00			
To capitalize furniture and equipment recorded as capital outlay expense.									
3	6/30/2014	Accum Depr	1602	4000. 2		42,021.00			
3	6/30/2014	Depreciation Expense	5019	4000. 2	42,021.00				
To record the 2013-2014 depreciation expense based on the BNA depreciation report.									
4	6/30/2014	Other Liability	2100	6000. 5		11,098.00			
4	6/30/2014	Equipment Rental & Maint.	7650	6000. 5	11,098.00				
To record the change in the liability associated with the Copier Lease Buyout incentive for the 2013-2014 fiscal year.									
5	6/30/2014	Deferred Revenue	2115	1506. 3		1,169.00			
5	6/30/2014	Match Revenue in EFS	4100	1506. 3	1,169.00				
To adjust the match revenue due to timing of awards and when the cash was received.									
6	6/30/2014	In Kind Revenue	4300	1506. 2		21,618.00			
6	6/30/2014	In Kind Expenditures	9150	1506. 2	21,618.00				
To remove in kind revenue and expenses recognized for volunteer services.									
9	6/30/2014	Other Assets	1505			1,766.00			
9	6/30/2014	A/P - GAAP	2011			21,862.00			
							10,111.00		
							(1,169.00)		
							11,280.00		
							11,098.00		
							(42,021.00)		
							42,203.00		
							9,850.00		
							9,850.00		
							10,111.00		
							0.00		

Early Learning Coalition of the Big Bend Region, Inc.

Year End: June 30, 2014

Trial balance

Date: 7/1/2013 To 6/30/2014

Number	Date	Name	Account No	Reference	Debit	Credit	Net Income (Loss)	Amount Chg	Recurrence	Misstatement
9	6/30/2014	Accured Expenses	2014							
9	6/30/2014	Other Payroll Liabilities	2112		4,173.00					
9	6/30/2014	Miscellaneous Revenue	4200			825.00				
9	6/30/2014	Childcare Services	5800		6,201.00					
9	6/30/2014	Payroll Benefits	6010			1,791.00				
9	6/30/2014	Payroll Benefits	6010		15,870.00					
9	6/30/2014	401K Match/Profit Sharing	6015							
9	6/30/2014	Overtime	6050							
9	6/30/2014	Payroll Tax Expense	6055							
		PBC entry from Travis for adjustments made to balances			26,244.00	26,244.00	(9,344.00)	(19,455.00)		
10	6/30/2014	A/P - GAAP	2011	0205	17,497.00					
10	6/30/2014	Childcare Services	5800	0205		17,497.00				
		To clear out RAP to GAAP account			17,497.00	17,497.00	8,153.00	17,497.00		
12	6/30/2014	Furniture & Equip	1601	4000. 2		67,925.00				
12	6/30/2014	Accum Depr	1602	4000. 2	67,925.00					
		To reconcile dispositions.			67,925.00	67,925.00	8,153.00	0.00		
					197,422.00	197,422.00	8,153.00	(24,200.00)		



The
Early Learning
Coalition of the
Big Bend Region

Chief Executive Officer
Matt Guse

Executive Committee

Monesia T. Brown
Chair

Kim Kelling Engstrom
Vice Chair

Linda Nelson
Secretary

Jeremy Cohen
Treasurer

Board Members

Paula Arnold
Josh Aubuchon
Kim Barnhill
Bryan Desloge
Stacey Duggar
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Eduardo Gonzalez Loumiet
Jeanne Martin
Dr. Luisa Martin-Humes
Jim McShane
Jeanna Olson
Tara Orłowski
Maria Pouncey
Carrie Rubenstein
Janice Sumner
Angel Trejo
Daniel Wagnon



Exhibit B

March 9, 2015

Thomas Howell Ferguson P.A.
2615 Centennial Blvd., Suite 200
Tallahassee, Florida 32308

This representation letter is provided in connection with your audit of the basic financial statements of The Early Learning Coalition of the Big Bend, Inc. (the Coalition) which comprise the statement of financial position as of and for the years ended June 30, 2014 and 2013, and the related statements of activities and changes in net liabilities and cash flows for the years then ended, and the related notes to the financial statements for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

We confirm, to the best of our knowledge and belief, as of the date of this letter:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated February 19, 2014, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
2. 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.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable and reflect our judgment based on our knowledge and experience about past and current events and our assumptions about conditions we expect to exist and courses of action we expect to take.
5. Related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
6. 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.
7. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.

8. The following have been properly recorded and/or disclosed in the financial statements, if applicable:
 - a. Net asset classifications.
 - b. Guarantees, whether written or oral, under which the Coalition is contingently liable.
 - c. Agreements to repurchase assets previously sold.
 - d. Security agreements in effect under the Uniform Commercial Code.
 - e. Amounts of contractual obligations for construction and purchase of real property or equipment not included in the liabilities recorded on the books.
 - f. All other liens or encumbrances on assets or revenues or any assets or revenues which were pledged as collateral for any liability or which were subordinated in any way.
 - g. All liabilities that are subordinated to any other actual or possible liabilities of the Coalition.
 - h. All leases and material amounts of rental obligations under long-term leases.
 - i. Investments in debt and equity securities.
 - j. All recordable contributions, by appropriate net asset class.
 - k. Reclassifications between net asset classes.
 - l. Allocations of functional expenses based on reasonable basis.
 - m. Composition of assets in amounts needed to comply with all donor restrictions.
 - n. Deferred revenue from exchange transactions.
 - o. Refundable advances.
 - p. Board designated unrestricted net assets.
 - q. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances, line of credit, or similar arrangements have been properly disclosed.
 - r. Impairment of capital assets.
 - s. Net positions and fund balance classifications.
 - t. All significant estimates and material concentrations known to management that are required to be disclosed in accordance with the Risks and Uncertainties Topic of the FASB Accounting Standards Codification. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets for which events could occur that would significantly disrupt normal finances within the next year.
9. We have no direct or indirect, legal or moral obligation for any debt of any organization, public or private that is not disclosed in the financial statements.
10. We have no knowledge of any uncorrected misstatements in the financial statements.

Information Provided

11. We have provided you with:
 - a. 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, and other matters;
 - b. Additional information that you have requested from us for the purpose of the audit;
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d. Minutes of the meetings of the governing board and committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.
12. All transactions have been recorded in the accounting records and are reflected in the financial statements.
13. We have disclosed to you the results of our assessment of risk that the financial statements may be materially misstated as a result of fraud.
14. We have no knowledge of allegations of fraud or suspected fraud, affecting the entity's financial statements involving:
 - a. Management.
 - b. Employees who have significant roles in the internal control.
 - c. Others where the fraud could have a material effect on the financial statements.
15. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity's financial statements received in communications from employees, former employees, regulators, or others.
16. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations whose effects were considered when preparing financial statements.
17. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements and we have not consulted legal counsel concerning litigation or claims.
18. We have disclosed to you the identity of the entity's related parties and all the related-party relationships and transactions of which we are aware.
19. We are aware of no significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the Organization's ability to record, process, summarize, and report financial data.
20. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
21. There are no:
 - a. Material transactions that have not been properly recorded in the accounting records underlying the financial statements.
 - b. Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss

contingency. In that regard, we specifically represent that we have not been designated as, or alleged to be, a "potentially responsible party" by the Environmental Protection Agency in connection with any environmental contamination.

- c. Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed.
22. The Organization has satisfactory title to all owned assets.
23. With respect to supplementary information presented in relation to the financial statements as a whole:
- a. We acknowledge our responsibility for the presentation of such information.
 - b. We believe such information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America.
 - c. When supplementary information 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 of issuance of the supplementary information and the auditor's report thereon.
24. We have received a determination from the Internal Revenue Service that we are exempt from federal income taxes as a Section 501(c)(3) not-for-profit corporation, and we have complied with the IRS regulations regarding this exemption.
25. During the course of your audit, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

Compliance Considerations

In connection with your audit, conducted in accordance with Government Auditing Standards, we confirm:

26. We are responsible for:
- a. Compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to the Coalition.
 - b. Establishing and maintaining effective internal control over financial reporting.
27. We have identified and disclosed to you:
- a. All laws, regulations, and provisions of contracts and grant agreements that have a direct and material effect on the determinations of financial statement amounts or other financial data significant to audit objectives.
 - b. Violations (and possible violations) of laws, regulations, and provisions of contracts and grant agreements whose effects should be considered for disclosure in the auditor's report on noncompliance.

28. We have taken timely and appropriate steps to remedy fraud, illegal acts, violations of provisions of contracts or grant agreements, or abuse that has been reported.
29. We have a process to track the status of audit findings and recommendations.
30. We have identified for you previous audits, attestation engagements, performance audits, or other studies related to the objectives of the audit being undertaken and the corrective action taken to address significant findings and recommendations.
31. We have provided you with our views on your reported findings, conclusions, and recommendations, as well as our planned corrective actions for the report.

In connection with your audit of federal awards conducted in accordance with OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, we confirm:

32. We are responsible for complying, and we have complied, with the requirements of OMB Circular A-133.
33. 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 federal and state programs.
34. We are responsible for establishing and maintaining, and we have established and maintained, effective internal control over compliance for federal and state programs that provides reasonable assurance that we are managing federal and state awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on our federal programs.
35. We have prepared the schedule of expenditures of federal and state awards in accordance with Circular A-133 and have included expenditures made during the period being audited for all awards provided by federal and state agencies in the form of grants, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance.
36. We 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 program.
37. We have made available all contracts and grant agreements (including amendments, if any) and any other correspondence relevant to federal programs and related activities that have taken place with federal agencies or pass-through entities.
38. We have identified and disclosed to you all amounts questioned and all known noncompliance with the direct and material compliance requirements of federal awards.
39. We believe that we have complied with the direct and material compliance requirements.
40. We have made available all documentation related to compliance with the direct and material compliance requirements, including information related to federal and state program financial reports and claims for advances and reimbursements.
41. We have provided you our interpretations of any compliance requirements that are subject to varying interpretations.

42. We have disclosed to you any communications from grantors 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 your report.
43. 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 your report.
44. We are responsible for taking corrective action on audit findings of the compliance audit.
45. 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.
46. We have disclosed 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.
47. We have disclosed all known noncompliance with direct and material compliance requirements occurring subsequent to the period covered by your report.
48. We have disclosed whether any changes in internal control over compliance or other factors that might significantly affect internal control, including any corrective action taken by us with regard to 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 is audited.
49. 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.
50. The copies of federal and state program financial reports provided to you are true copies of the reports submitted, or electronically transmitted, to the federal agency or pass-through entity, as applicable.
51. We have monitored subrecipients to determine that they have expended pass-through assistance in accordance with applicable laws and regulations and have met the requirements of Circular A-133.
52. We have issued management decisions timely after the receipt of subrecipients' auditor's reports that identified noncompliance with laws, regulations, or the provisions of contracts or grant agreements, and we have ensured that subrecipients have taken the appropriate and timely corrective action on findings.
53. We have considered the results of subrecipient audits and have made any necessary adjustments to our own books and records.
54. We have charged costs to federal awards in accordance with applicable cost principles.
55. We are responsible for, and have accurately prepared, the summary schedule of prior audit findings to include all findings required to be included by Circular A-133.

56. We will accurately complete appropriate sections of the data collection form. We further acknowledge our responsibility for the complete, accurate, and timely filing of the data collection form with the Federal Audit Clearinghouse.
57. We have disclosed all contracts or other agreements with service organizations.
58. We have disclosed to you all communications from service organizations relating to noncompliance at those organizations.

The Early Learning Coalition of the Big Bend, Inc.



Matt Guse
Executive Director



Travis Gordon
Finance Director