

AUDITOR GENERAL
FLORIDA SINGLE AUDIT ACT – NONPROFIT AND FOR-PROFIT ENTITIES
FINANCIAL REPORTING PACKAGE SUBMITTAL CHECKLIST
(SECTION 215.97, FLORIDA STATUTES)

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

Entity Type (Nonprofit, For-Profit) Nonprofit

Contact Person Name and Title Travis Gordon, Finance and Administration Director

Contact Person Mailing Address 2639 North Monroe Street, Building C

Tallahassee, FL 32303

Contact Person Phone Number 850-385-0504

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Fiscal Period Audited June 30, 2016

Date Auditor Delivered Audit Report to Entity March 28, 2017

Does the financial reporting package include the following items required by Auditor General Rule 10.656(3):

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

Yes A schedule of expenditures of State financial assistance as described in Auditor General Rule 10.656(3)(d)1.? **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 Auditor General Rule 10.656(3)(d)2.?

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 Auditor General Rule 10.656(3)(d)3.?

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

Yes A summary schedule of prior audit findings as described in Auditor General Rule 10.656(3)(d)5.? **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.

Yes A corrective action plan as described in Auditor General Rule 10.656(3)(d)6.?

Yes The management letter defined in Auditor General Rule 10.654(1)(e), 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 AG Rule 10.656(3)(e))? **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 Auditor General Rule 10.656(3)?
- Yes Is **one** paper copy and **one** electronic copy of the financial reporting package being submitted as required by Auditor General Rule 10.657(1)? **NOTE:** There are no provisions in the statutes for any 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 2014-15 fiscal year for “Example Nonprofit” entity should be named 2015 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 Auditor General Rule 10.657(2)?

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

- N/A The annual financial statements described in Auditor General Rule 10.655, as applicable, together with related notes to the financial statements (see Auditor General Rule 10.656(3)(f))?
- 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 Auditor General Rule 10.655(3))? **NOTE:** This applies only to nonprofit organizations that are determined to be governmental entities.
- N/A The auditor’s report on the financial statements as described in Auditor General Rule 10.656(3)(b)?
- N/A The auditor’s report on compliance and internal control based on an audit of the financial statements as described in Auditor General Rule 10.656(3)(b)?
- N/A If applicable, the auditor’s reports and related financial information required pursuant to the Federal *Single Audit Act Amendments of 1996*, OMB Circular A-133, or other applicable Federal law (see AG Rule 10.656(3)(c))?

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:

Address –

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**EARLY LEARNING COALITION OF
THE BIG BEND REGION, INC.**

FINANCIAL STATEMENTS

JUNE 30, 2016

EARLY LEARNING COALITION OF THE BIG BEND REGION, INC.
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JUNE 30, 2016

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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, 2016, 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

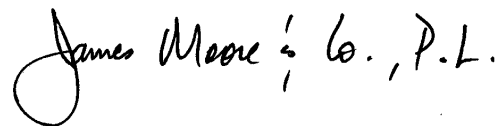
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Early Learning Coalition of the Big Bend Region, Inc. as of June 30, 2016, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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 27, 2017, 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 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.

James Moore & Co., P.L.

Tallahassee, Florida
March 27, 2017

EARLY LEARNING COALITION OF THE BIG BEND REGION, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2016

ASSETS

Current assets	
Cash and cash equivalents	\$ 324,066
Grants and contracts receivable	1,646,953
Unconditional promise to give	37,577
Prepaid expenses	48,622
Total current assets	2,057,218
Property and equipment, net	47,430
Total Assets	\$ 2,104,648

LIABILITIES AND NET ASSETS

Current liabilities	
Direct child care services payable	\$ 1,679,882
Accounts payable and accrued expenses	242,971
Deferred revenue	4,561
Total current liabilities	1,927,414
Net assets	
Unrestricted	139,657
Temporarily restricted	37,577
Total net assets	177,234
Total Liabilities and Net Assets	\$ 2,104,648

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, 2016**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and revenues			
Grants and contracts	\$ 23,815,464	\$ -	\$ 23,815,464
Local match revenue	81,808	37,577	119,385
In-kind contributions	203,202	-	203,202
Interest	3,579	-	3,579
Other	48,398	-	48,398
Net assets released from restriction	37,577	(37,577)	-
Total support and revenues	<u>24,190,028</u>	<u>-</u>	<u>24,190,028</u>
Expenses			
Program services			
School Readiness and Related Child Care Services	16,180,689	-	16,180,689
Voluntary Pre-Kindergarten Services	6,461,297	-	6,461,297
Other Child Care Research and Support Programs	15,471	-	15,471
School Readiness Performance Funding Pilot Project	556,883	-	556,883
Total program services	<u>23,214,340</u>	<u>-</u>	<u>23,214,340</u>
General and administrative	904,620	-	904,620
Total expenses	<u>24,118,960</u>	<u>-</u>	<u>24,118,960</u>
Increase in net assets	<u>71,068</u>	<u>-</u>	<u>71,068</u>
Net assets, beginning of year	68,589	37,577	106,166
Net assets, end of year	<u>\$ 139,657</u>	<u>\$ 37,577</u>	<u>\$ 177,234</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, 2016**

	<u>School Readiness and Related Child Care Services</u>	<u>Voluntary Pre- Kindergarten Services</u>	<u>Other Child Care Research and Support Programs</u>	<u>School Readiness Performance Funding Pilot Project</u>	<u>Total Program Services</u>	<u>General and Administrative</u>	<u>Total</u>
Salaries and benefits	\$ 1,633,952	\$ 101,830	\$ 8,509	\$ 12,900	\$ 1,757,191	\$ 648,107	\$ 2,405,298
Training and development	4,534	56	-	-	4,590	17,285	21,875
Professional services	-	-	-	-	-	53,937	53,937
Contracted services	13,504,552	6,311,626	-	-	19,816,178	10,244	19,826,422
Consulting	39,007	350	-	-	39,357	13,604	52,961
Occupancy	420,931	30,389	-	-	451,320	23,947	475,267
Advertising and public outreach	8,458	74	3,131	-	11,663	6,574	18,237
Supplies and materials	112,021	995	3,475	543,983	660,474	46,215	706,689
Technology maintenance	122,308	8,003	-	-	130,311	32,982	163,293
Office furniture and equipment	91,238	6,128	-	-	97,366	5,421	102,787
Travel	31,965	750	356	-	33,071	12,219	45,290
Depreciation	-	-	-	-	-	26,959	26,959
In-kind expenses:							
Program materials and services	116,727	-	-	-	116,727	-	116,727
Office space	86,475	-	-	-	86,475	-	86,475
Printing and postage	5,945	93	-	-	6,038	379	6,417
Other miscellaneous	2,576	1,003	-	-	3,579	6,747	10,326
Total expenses	<u>\$ 16,180,689</u>	<u>\$ 6,461,297</u>	<u>\$ 15,471</u>	<u>\$ 556,883</u>	<u>\$ 23,214,340</u>	<u>\$ 904,620</u>	<u>\$ 24,118,960</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, 2016

Cash flows from operating activities	
Cash received from grantors and contractors	\$ 23,393,610
Cash paid to employees and vendors	(24,160,331)
Interest received	3,579
Contributions and other receipts	167,783
Net cash used in operating activities	<u>(595,359)</u>
Net decrease in cash and cash equivalents	<u>(595,359)</u>
Cash and cash equivalents, beginning of year	919,425
Cash and cash equivalents, end of year	<u><u>\$ 324,066</u></u>
Reconciliation of increase in net assets to net cash used in operating activities	
Increase in net assets	<u>\$ 71,068</u>
Adjustments to reconcile increase in net assets to net cash used in operating activities:	
Depreciation	26,959
Increase in grants and contracts receivable	(624,831)
Increase in direct child care services payable	57,183
Decrease in accounts payable and accrued expenses	(112,100)
Increase in prepaid expenses	(15,538)
Loss on disposal of furniture and equipment	2,125
Decrease in deferred revenue	(225)
Total adjustments	<u>(666,427)</u>
Net cash used in operating activities	<u><u>\$ (595,359)</u></u>

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, 2016

(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, 2016, 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.

Project Funding Pilot Program: 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, 2016

(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 \$1,000 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, 2016.

(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, 2016

(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, 2016, \$18,237 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, 2016 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, 2016

(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, 2016 expenses under this plan were \$91,638.

(5) **Property and Equipment:**

The following is a summary of property and equipment at June 30, 2016:

Office Furniture	\$ 170,050
Office and computer equipment	142,043
Software and licenses	<u>105,712</u>
	417,805
Less: accumulated depreciation	<u>370,375</u>
Total	<u><u>\$ 47,430</u></u>

EARLY LEARNING COALITION OF THE BIG BEND REGION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

(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
2017	\$ 168,937
2018	42,710
2019	-
2020	-
2021	-
Thereafter	-
Total	\$ 211,647

(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 Facilities, Materials, and Professional Services:

Donated facilities, equipment, consulting, 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 \$203,202 for the year ended June 30, 2016.

(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 \$15,000.

EARLY LEARNING COALITION OF THE BIG BEND REGION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

(10) **Contingencies:**

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.

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

The Organization had unconditional promises to give representing the following at June 30, 2016:

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, 2016, the Organization paid these vendors \$868,033. All payments were in the normal course of business. At June 30, 2016 \$90,654 was due to related parties.

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

The Financial Accounting Standards Board (FASB) issued new or modifications to, or interpretations of, existing accounting guidance during the year ended June 30, 2016. 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, 2016

(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, 2016, 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 27, 2017, 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, 2015

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	-	PP602	\$ 556,883
Child Care and Development Block Grant	93.575	-	SR046	895,115
Child Care and Development Block Grant	93.575	-	SR047	1,883
				<u>1,453,881</u>
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	-	SR046	3,787,569
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	-	SR047	7,521
				<u>3,795,090</u>
Total CCDF cluster				<u>5,248,971</u>
Social Services Block Grant	93.667	-	SR046	15,119
Social Services Block Grant	93.667	-	SR047	30
				<u>15,149</u>
Temporary Assistance for Needy Families	93.558	-	SR046	5,291,308
Temporary Assistance for Needy Families	93.558	-	SR047	10,510
				<u>5,301,818</u>
Total Federal Awards				<u>10,565,938</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, 2015
(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	SV046	\$ 6,528,826
Voluntary Pre-Kindergarten Education Program	-	48.108	SV047	29,549
Voluntary Pre-Kindergarten Education Program	-	48.108	OAO46	15,471
				<u>6,573,846</u>
Total State Assistance				<u>6,573,846</u>
Total Federal Awards and State Financial Assistance				<u><u>\$ 17,139,784</u></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, 2016**

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, 2016 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, 2016, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 27, 2017.

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.

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tlh@jmco.com

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, looped initial "J".

Tallahassee, Florida
March 27, 2017

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 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, 2016. 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 the requirements of laws, regulations, contracts and grants 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) and Chapter 10.650, Rules of the State of Florida, Office of the Auditor General. 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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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 Coalition complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs and major state project for the year ended June 30, 2016.

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, and Chapter 10.650, Rules of the State of Florida, Office 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 Early Learning Coalition of the Big Bend Region, Inc.'s internal control over compliance.

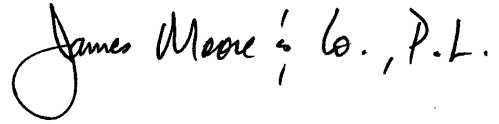
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program 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, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2016-001 that we consider to be a significant deficiency.

Other Matters

Early Learning Coalition of the Big Bend Region, Inc.'s responses to the internal control over compliance findings identified in our audit are described in the accompanying Corrective Action Plan. Early Learning Coalition of the Big Bend Region, Inc.'s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and Chapter 10.650, Rules of the State of Florida Office of the Auditor General. Accordingly, this report 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, looped initial "J".

Tallahassee, Florida
March 27, 2017

**EARLY LEARNING COALITION OF THE BIG BEND REGION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016**

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? X yes _____ 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)? X yes _____ no

Identification of major Federal programs:

Federal Program	Federal CFDA Number
Child Care and Development Block Grant	93.575*
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596*

*Cluster of Programs as defined by 2 CFR 200.17

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

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

I. Summary of Auditors' Results: (Continued)

State Financial Assistance

Internal control over major State projects:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes 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 no

Identification of major projects

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

II. Financial Statement Findings: None.

III. Federal Award Findings and Questioned Costs:

Finding 2016-001:

Federal Program: Child Care and Development Block Grant (93.575) and Child Care Mandatory and Matching Funds of the Child Care and Development Fund (93.596)

Criteria: The Florida School Readiness Program offers financial assistance to low income families for early education. Parent(s)/guardian(s) must be working or participating in an educational activity at least 20 hours per week, gross income must be at or below 150 percent of the federal poverty level for family size, and families must pay a copayment for child care based on income and family size.

Condition: In a sample of forty participants, four were listed with incorrect eligibility determinations.

Cause: Internal controls over eligibility determination were inadequate to insure correctness of parents' copayment for program participants.

Effect: Even though participants were not disqualified from this funding source, lack of proper internal controls over copayment determination could lead to improper grant expenditures occurring.

III. Federal Award Findings and Questioned Costs: (Continued)

Finding 2016-001: (Continued)

Recommendation: We recommend that the eligibility approval process be reviewed and additional controls be documented and implemented related to copayment level and eligibility determinations.

IV. Federal Award Summary Schedule of Prior Year Findings: There were no audit findings for the year ended June 30, 2015.

V. State Project Findings and Questioned Costs: None.

VI. State Project Prior Year Audit Findings: None.

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

VIII. 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

Early Learning Coalition of the Big Bend Region, Inc. (ELC)
Single Audit Report: Corrective Action Plan
Year Ended June 30, 2016

Finding 2016-001:

Federal Program: Child Care and Development Block Grant (93.575) and Child Care Mandatory and Matching Funds of the Child Care and Development Fund (93.596)

Criteria: The Florida School Readiness Program offers financial assistance to low income families for early education. Parent(s)/guardian(s) must be working or participating in an educational activity at least 20 hours per week, gross income must be at or below 150 percent of the federal poverty level for family size, and families must pay a copayment for child care based on income and family size.

Condition: In a sample of forty participants, four were listed with incorrect eligibility determinations.

Cause: Internal controls over eligibility determination were inadequate to insure correctness of parents' copayment for program participants.

Effect: Even though participants were not disqualified from this funding source, lack of proper internal controls over copayment determination could lead to improper grant expenditures occurring.

Recommendation: We recommend that the eligibility approval process be reviewed and additional controls be documented and implemented related to copayment level and eligibility determinations.

Corrective Action Plan

1. ELC will confirm the results reported in the Finding 2016-001. In order to confirm the testing results that indicate that four of the sample of forty participants were listed with incorrect eligibility determinations, ELC will review parent/child files.
2. ELC will make the necessary payment adjustments, as appropriate.
3. ELC will review internal controls, policies and procedures for staff determining eligibility to ensure they adequately address accuracy as it relates to eligibility determination and parent fee calculation.
4. ELC will update policies and procedures and internal controls, as appropriate.
5. ELC will conduct staff training (as needed) to help ensure Coalition Family Service staff knows about and can follow established or revised internal controls, policies and procedures.

March 27, 2017

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

We have audited the financial statements of Early Learning Coalition of the Big Bend Region, Inc. (the “Organization”) as of and for the year ended June 30, 2016, and have issued our report thereon dated March 27, 2017. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Consolidated Financial Statement Audit

As communicated in our engagement letter dated August 7, 2015, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Organization solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm has complied with all relevant ethical requirements regarding independence.

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Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Organization is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during year ended June 30, 2016. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

Management's estimate of the depreciation expense is based on the underlying assets depreciation calculated using the straight-line method over the assets' useful lives. We evaluated the key factors and assumptions used to develop the estimate of depreciation expense in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of donated supplies, rent and professional services is based on the fair value of the contribution at the time of the donation. We evaluated the key factors and assumptions used to develop the donated supplies, rent and professional service revenue and expense in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of functional expense allocation is based on the costs of providing the various programs and other activities. We evaluated the key factors and assumptions used to develop the functional expense allocation in determining that it is reasonable in relation to the financial statements taken as a whole.

Significant Difficulties Encountered during the Audit

We encountered no difficulties in dealing with management relating to the performance of the audit.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Organization's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated March 27, 2017.

Management's Consultations with Other Accountants

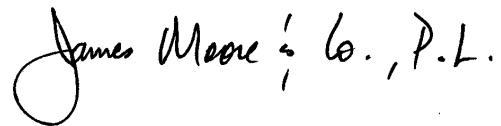
In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the Organization, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Organization's auditors.

This report is intended solely for the use of the Board of Directors and management of the Organization and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

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" for "James".

James Moore & Co., P.L.



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, 2016 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 27, 2017:

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.
- With regard to nonaudit services performed by you, we acknowledge our responsibility to:
 - Assume all management responsibilities;
 - Oversee the services by designating an individual, Travis Gordon, who possesses suitable skill, knowledge, or experience;
 - Evaluate the adequacy and results of the services performed; and
 - Accept responsibility for the results of the services.
- 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.

Chief Executive Officer

Matt Guse

Executive Committee

Monesia T. Brown
Chair

Tara Orłowski
Vice Chair

Jeanne Martin
Secretary

Eduardo G. Loumiet
Treasurer

Board Members

Lance Anderson

Josh Aubuchon

Kim Barnhill

Christian Caballero

Kelley Dettmer

Carolyn Harden

Tony Lightfoot

Dr. Luisa Martin-Humes

Jim McShane

Kristin Olson

Zana Raybon

Stephanie Schwartz

John Selover

Natasha Simon

Angel Trejo

Daniel Wagnon

Tasha Weinstein



- 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.
- Methods and significant assumptions used by management to determine fair values, their consistency in application, and the completeness and adequacy of fair value information for financial statement measurement and disclosure purposes are appropriate.
- 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 Travis Gordon 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.
 - 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 fraud or suspected fraud that affects the organization and involves:
 - Management,
 - Employees who have significant roles in internal control, or
 - Others where the fraud could have a material effect on the financial statements.
- 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 are not aware of any pending or threatened litigation, claims, and assessment 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.
- 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.
- 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.
- 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 requirements of federal awards, including the results of other audits or program reviews. We also know of no instances of noncompliance occurring subsequent to the end of the period audited.
- 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.
- 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: CEO _____

Signature:  _____

Title: CFO _____