

**EARLY LEARNING
COALITION OF
SOUTHWEST FLORIDA, INC.**

**Financial Statements
and Supplemental
Information**

Year Ended June 30, 2008

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Partners:

John R. Hopkins
James A. Wright, Jr.
James S. LaHam
Ross A. Whitley
W. Ed Moss, Jr.
Phillip J. Hayes
Brian L. Nemeroff

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Early Learning Coalition of Southwest Florida, Inc.
Fort Myers, Florida

We have audited the accompanying statement of financial position of Early Learning Coalition of Southwest Florida, Inc. (a nonprofit organization), as of June 30, 2008, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Early Learning Coalition of Southwest Florida, Inc. as of June 30, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2008, on our consideration of Early Learning Coalition of Southwest Florida, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of Early Learning Coalition of Southwest Florida, Inc. taken as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for the purpose 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 State of Florida Chapter 10.650, *Rules of the Auditor General*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Berman Hopkins Wright & LaHam, LLP

December 11, 2008
Winter Park, Florida

Early Learning Coalition of Southwest Florida, Inc.

STATEMENT OF FINANCIAL POSITION

June 30, 2008

ASSETS

Cash and equivalents	\$ 2,436,917
Accounts receivable:	
Agency for Workforce Innovation - Office of Early Learning	942,753
Other	263,732
Prepaid expenses:	
Community Coordinated Care for Children, Inc.	10,757
Other	55,373
Deposits	17,343
Property and equipment, net	<u>66,479</u>
Total assets	<u><u>\$ 3,793,354</u></u>

LIABILITIES AND NET ASSETS

Accounts payable:	
Agency for Workforce Innovation - Office of Early Learning	\$ 21,807
Community Coordinated Care for Children, Inc.	3,071,609
Redlands Christian Migrant Association, Inc.	189,536
Other	251,286
Accrued payroll and benefits	52,084
Deferred revenue	<u>5,213</u>
Total liabilities	<u>3,591,535</u>
Commitments and contingencies	<u>-</u>
Net assets	
Unrestricted	<u>201,819</u>
Total liabilities and net assets	<u><u>\$ 3,793,354</u></u>

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

Early Learning Coalition of Southwest Florida, Inc.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Year Ended June 30, 2008

CHANGE IN UNRESTRICTED NET ASSETS

Revenue:	
Agency for Workforce Innovation - Office of Early Learning	\$ 40,072,444
Investment income	16,975
Other revenue	33,373
	<hr/>
Total revenue	40,122,792
	<hr/>
Expenses:	
Program services	39,223,357
Supporting services	960,251
	<hr/>
Total expenses	40,183,608
	<hr/>
Decrease in unrestricted net assets	(60,816)
	<hr/>

CHANGE IN TEMPORARILY RESTRICTED NET ASSETS

Program service expenses	<hr/> 11,105
Decrease in temporarily restricted net assets	<hr/> (11,105)
	<hr/>
Decrease in net assets - all funds	(71,921)
NET ASSETS - BEGINNING OF YEAR	<hr/> 273,740
NET ASSETS - END OF YEAR	<hr/> <hr/> \$ 201,819

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

Early Learning Coalition of Southwest Florida, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2008

	Functional Category			Total
	School Readiness/ Voluntary Pre- Kindergarden	Other Programs	Administration	
Pass-through payments to sub-recipients	\$ 37,048,173	\$ -	\$ -	\$ 37,048,173
Salaries and benefits	239,581	66,751	530,372	836,704
Match/In-kind	800,552	32,643	-	833,195
Contract services	546,835	6,528	128,622	681,985
Program consultants and supplies	236,107	48,680	41,418	326,205
Office expenses	41,685	3,338	45,831	90,854
Rent expense	26,956	-	61,738	88,694
Other expenses	15,710	7,358	49,782	72,850
Utilities and telephone	13,062	943	34,212	48,217
Outreach and advertising	6,769	29,230	9,269	45,268
Meeting and conferences	16,894	513	25,876	43,283
Travel expense	15,338	7,598	14,785	37,721
Depreciation	17,983	-	14,713	32,696
Insurance expense	5,235	-	3,633	8,868
Total expenses	<u>\$ 39,030,880</u>	<u>\$ 203,582</u>	<u>\$ 960,251</u>	<u>\$ 40,194,713</u>

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

Early Learning Coalition of Southwest Florida, Inc.

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2008

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (71,921)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	32,696
(Increase) decrease in assets:	
Accounts receivable	4,097,273
Prepaid expenses	198,348
Deposits	(2,601)
Increase (decrease) in liabilities:	
Accounts payable	(3,007,549)
Accrued expenses	(29,130)
Deferred revenue	5,213
Net cash provided by operating activities	<u>1,222,329</u>
Net increase in cash and equivalents	1,222,329
CASH AND EQUIVALENTS - BEGINNING OF YEAR	<u>1,214,588</u>
CASH AND EQUIVALENTS - END OF YEAR	<u><u>\$ 2,436,917</u></u>

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

Early Learning Coalition of Southwest Florida, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

NOTE A - ORGANIZATION

Early Learning Coalition of Southwest Florida, Inc. (the "Organization") was formed exclusively to fulfill the intent of Florida State Statute 411.01 "The School Readiness Act". The Organization recognizes the role of parents as their children's first teachers and the importance of children entering the education system ready to learn. The Organization seeks to assist parents by providing opportunities for the birth-to-kindergarten population to enhance their chances for education success by participating in quality school readiness and voluntary pre-kindergarten programs that can better prepare them for school. The Organization performs services in Lee, Collier, Hendry and Glades Counties, Florida.

During the year ended June 30, 2008, the Organization contracted with Community Coordinated Care for Children, Inc. and Redlands Christian Migrant Association, Inc. to provide program services required under its contracts with the State of Florida. The Organization's revenues are primarily received through federal and state grant through the Florida Agency for Workforce Innovation - Office of Early Learning.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Functional allocation of expenses

The cost of providing the various programs 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 as shown in the statement of functional expenses.

Administration: This designation includes the functions necessary to maintain the Organization's programs and activities; to provide coordination and articulation of the Organization's program strategy through the office of the executive director; to secure the proper administrative functioning of the board of directors; and to manage the financial and budgetary responsibilities of the Organization.

Programs: The following programs are included in the accompanying financial statements: School Readiness - programs to empower parents as a child's first teacher and help them prepare their children to be ready for school. Voluntary Pre-kindergarten - program available for every four-year old in Florida for 540 hours of care in either a traditional school year or a summer program. Regional VPK Facilitator Grant to deploy technical assistance specialist to provide targeted assistance to early childhood educators teaching in Voluntary Pre-Kindergarten classrooms.

Early Learning Coalition of Southwest Florida, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2. 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.

3. Basis of accounting and financial statement presentation

The accompanying financial statements and accompanying schedule have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and include all funds and activities over which the board of directors of the Organization has oversight and financial responsibility.

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets:

Unrestricted – Net assets not subject to donor-imposed stipulations.

Temporarily Restricted – net assets subject to donor-imposed stipulations that may or will be met by actions of the Organization and/or passage of time. Temporarily restricted net assets of \$11,105 as of June 30, 2007 related to a HUBS grant were fully expended during fiscal 2008.

Permanently Restricted – net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization.

Revenues from financial assistance programs are reported as increases in unrestricted net assets because the related restrictions are satisfied in the period in which the support is recognized.

4. Cash and equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. The Organization's financial instruments that are exposed to concentrations of credit risk consist of cash and equivalents placed with federally insured financial institutions. At June 30, 2008, the Organization exceeded FDIC insured limits by \$2,256,776. The Organization has not experienced any losses in such accounts.

Early Learning Coalition of Southwest Florida, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5. Revenue recognition

The Organization receives funding through grants and contract revenue from Federal, State, County and City agencies. Revenues are earned as allowable grant costs are incurred.

6. Accounts receivable

Accounts receivable, which consists principally of grants due from federal and state governmental agencies, are recorded when services are provided. The Organization's receivables as of June 30, 2008 are due in less than one year and management believes all receivables are fully collectible. Accounts receivable from AWI - Office of Early Learning of \$942,753 at June 30, 2008 is presented net of a payable to AWI - Office of Early Learning of \$230,425 as a right of offset existed related to an AWI Certified Forward, a state reimbursement, which fully cleared at the beginning of fiscal 2009.

7. Property and equipment

The Organization's policy is to capitalize property and equipment with a cost in excess of \$5,000. Depreciation is provided on a straight-line basis over the estimated useful lives of five to ten years.

Property acquired with governmental funds is considered to be owned by the Organization while used in the program for which it was purchased or in future authorized programs; however, its disposition as well as the ownership of any proceeds from the sale of assets there from is subject to applicable regulations.

8. Income taxes

The Organization is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code; therefore no income tax provision is required in the accompanying financial statements. The Organization is not classified as a private foundation. Contributions to the Organization are qualified as deductions for charitable contributions.

9. Donated services, materials and facilities

Donated services, materials and facilities that are measurable are recorded as support at their fair market values at the date of receipt by the Organization. A corresponding amount is recorded as expense or property and equipment. Donated services, materials and facilities aggregating \$206,998 for the year ended June 30, 2008 are included as income and expense in the accompanying statement of activities at their estimated fair values at date of receipt.

Early Learning Coalition of Southwest Florida, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

NOTE C - ECONOMIC DEPENDENCE

The Organization received substantially all of its revenue from federal and state contracts during the year ended June 30, 2008. The continuance of state and federal funding is subject to annual legislative budgetary review.

NOTE D - RELATED PARTY TRANSACTIONS

Certain non-voting members of the Board of Directors are required by the "School Readiness Act" to be board members. These members include the Central Child Care Agency Administrator and Redland Christian Migrant Association, Inc. (a provider of VPK services), other representatives from private and public sector industries. Total payments to these organizations during the year ended June 30, 2008 were \$37,048,173 and accounts payable to them at June 30, 2008 were \$3,261,145.

NOTE E - COMMITMENTS AND CONTINGENCIES

1. Federal and state appropriated funds

The Organization receives substantially all of its support from the federal and state governments in the form of grants. A significant reduction in the level of this support, if this were to occur, may have a significant effect on the Organization's programs and activities.

Government grants require the fulfillment of certain conditions as set forth in applicable laws, rules and regulations and in the grant agreements. Failure to fulfill the conditions could result in the return of the funds to the grantor. Management believes such disallowances, if any, would not be material.

2. Operating lease

The Organization has entered into a non-cancelable operating lease agreement for their administrative office. Future minimum annual rentals under the non-cancelable operating lease are as follows:

2009	\$ 86,188
2010	88,774
2011	91,437
2012	<u>70,109</u>
	<u>\$ 336,508</u>

Rent expense for the year ended June 30, 2008 was \$88,694.

Early Learning Coalition of Southwest Florida, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

NOTE F - STATEWIDE SCHOOL READINESS DATA

The Organization has reconciled its financial records to the statewide School Readiness data and reporting system on a monthly basis. This reconciliation was performed in a timely and satisfactory manner.

NOTE G - MATCHING FUNDS

Certain grants require the Organization to obtain matching funds. The Organization included \$351,835 of matching funds collected by Community Coordinated Care for Children, Inc. as both revenue and expense in the statement of activities as it used Organization resources to secure the funds. The Organization also directly collects matching funds.

SUPPLEMENTAL INFORMATION

Partners:

John R. Hopkins
James A. Wright, Jr.
James S. LaHam
Ross A. Whitley
W. Ed Moss, Jr.
Phillip J. Hayes
Brian L. Nemeroff

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 of
Early Learning Coalition of Southwest Florida, Inc.
Fort Myers, Florida

We have audited the financial statements of Early Learning Coalition of Southwest Florida, Inc. as of and for the year ended June 30, 2008, and have issued our report thereon dated December 11, 2008. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Early Learning Coalition of Southwest Florida, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the Organization's financial statements that is more than inconsequential will not be prevented or detected by the Organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Organization's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Early Learning Coalition of Southwest Florida, Inc.'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*.

This report is intended solely for the information and use of the Board of Directors, management, others within the Organization, federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Berman Hopkins Wright & LaHam, LLP

December 11, 2008
Winter Park, Florida

Partners:

John R. Hopkins
James A. Wright, Jr.
James S. LaHam
Ross A. Whitley
W. Ed Moss, Jr.
Phillip J. Hayes
Brian L. Nemeroff

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR FEDERAL AND STATE PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND STATE OF
FLORIDA CHAPTER 10.650, RULES OF THE AUDITOR GENERAL**

To the Board of Directors of
Early Learning Coalition of Southwest Florida, Inc.
Fort Myers, Florida

Compliance

We have audited the compliance of Early Learning Coalition of Southwest Florida, Inc. (a nonprofit organization) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement*, State of Florida Chapter 10.650, *Rules of the Auditor General*, and special audit guidance provided by the Agency for Workforce Innovation that are applicable to each of its major federal and state programs for the year ended June 30, 2008. Early Learning Coalition of Southwest Florida, Inc.'s major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of Early Learning Coalition of Southwest Florida, Inc.'s management. Our responsibility is to express an opinion on Early Learning Coalition of Southwest Florida, Inc.'s compliance based on our audit.

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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; State of Florida Chapter 10.650, *Rules of the Auditor General*; and special audit guidance provided by the Agency for Workforce Innovation. Those standards, OMB Circular A-133, and State of Florida Chapter 10.650, 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 and state program occurred. An audit includes examining, on a test basis, evidence about Early Learning Coalition of Southwest Florida, Inc.'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. Our audit does not provide a legal determination of Early Learning Coalition of Southwest Florida, Inc.'s compliance with those requirements.

In our opinion, Early Learning Coalition of Southwest Florida, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the year ended June 30, 2008.

Internal Control Over Compliance

The management of Early Learning Coalition of Southwest Florida, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered Early Learning Coalition of Southwest Florida, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal and state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 Southwest Florida, Inc.'s internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of



BREVARD OFFICE
8035 Spyglass Hill Rd.
Melbourne, FL 32940
phone 321-757-2020
fax 321-242-4844

ORLANDO OFFICE
480 N. Orlando Ave.
Suite 218
Winter Park, FL 32789
phone 407-644-5811
fax 407-644-6022

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR FEDERAL AND STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133 AND STATE OF FLORIDA CHAPTER 10.650,
RULES OF THE AUDITOR GENERAL (continued)**

performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal or state program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal or state program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Directors, management, others within the Organization and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Berman Hopkins Wright & Lubam, LLP

December 11, 2008
Winter Park, Florida

Early Learning Coalition of Southwest Florida, Inc.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AND STATE PROGRAMS

June 30, 2008

Section I – Summary of Auditors’ Results

Financial Statements

- | | |
|---|-------------|
| 1. Type of auditors’ report issued: | Unqualified |
| 2. Internal control over financial reporting: | |
| a. Material weakness(es) identified? | No |
| b. Significant deficiencies identified that are not considered to be material weaknesses? | No |
| 3. Noncompliance material to financial statements noted? | No |

Federal Awards

- | | |
|---|-------------|
| 1. Type of auditors’ report issued on compliance for major programs: | Unqualified |
| 2. Internal control over major programs: | |
| a. Material weakness(es) identified? | No |
| b. Significant deficiencies identified that are not considered to be material weaknesses? | No |
| 3. Audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? | N/A |
| 4. Dollar threshold used to distinguish between Type A and Type B projects | \$608,469 |
| 5. Auditee qualified as low-risk auditee? | No |

Identifications of major programs:

<u>Name of Federal Program</u>	<u>CFDA Number</u>
Temporary Assistance of Needy Families	93.558
Child Care and Development Block Grant	93.575
Child Care Mandatory and Matching Funds	93.596

Early Learning Coalition of Southwest Florida, Inc.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AND STATE PROGRAMS

June 30, 2008

Section I – Summary of Auditors’ Results (continued)

State Financial Assistance

- | | |
|---|-------------|
| 1. Type of auditors’ report issued on compliance for major programs: | Unqualified |
| 2. Internal control over major programs: | |
| a. Material weakness(es) identified? | No |
| b. Significant deficiencies identified that are not considered to be material weaknesses? | No |
| 3. Audit findings disclosed that are required to be reported in accordance with the Florida Single Audit Act and Chapter 10.650, Rules of the Auditor General | N/A |
| 4. Dollar threshold used to distinguish between Type A and Type B projects | \$570,559 |
| 5. Auditee qualified as low-risk auditee? | No |

Identification of major projects:

<u>Name of State Program</u>	<u>CSFA Number</u>
Voluntary Pre-Kindergarten Education Program	75.007
School Readiness Services	75.005

Section II – Financial Statement Findings

None (no corrective action plan or management letter required)

Section III – Federal Award and State Programs Findings and Questioned Costs

None reported (no corrective action plan or management letter required)

Section IV - Status of Prior Year Audit Findings

Findings - Financial Statement Audit

Material Weaknesses:

- 2007 - 1 Provide Adequate Staffing and Oversight for Accounting Functions:
No findings in 2008 audit.
- 2007 - 2 Numerous Audit Adjustments:
No findings in 2008 audit.

Early Learning Coalition of Southwest Florida, Inc.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AND STATE PROGRAMS

June 30, 2008

Findings - Financial Statement Audit (continued)

Significant Deficiencies:

- 2006 - 4 Inter-fund Receivable or Payable Accounts for Transactions Between Funds:
No findings in 2008 audit.
- 2006 - 5 Record Transactions with Agency for Workforce Innovation:
No findings in 2008 audit.
- 2006 - 6 Changes in Amounts Paid to Sub-recipients:
No findings in 2008 audit.
- 2007 - 3 Bank Account Reconciliations:
No findings in 2008 audit.
- 2007 - 4 Record Electronic Funds Transfer Receipts and Disbursements in General Ledger:
No findings in 2008 audit.
- 2007 - 5 Capitalize Fixed Asset Additions:
No findings in 2008 audit.
- 2007 - 6 Record Dispositions of Fixed Assets:
No findings in 2008 audit.
- 2007 - 7 Maintain Accounts Payable Subsidiary Ledger:
No findings in 2008 audit.
- 2007 - 8 Correct Estimates to Reflect Updated Information:
No findings in 2008 audit.
- 2007 - 9 Segregate Salaries & Wages Expense from Health Insurance Expense
No findings in 2008 audit.
- 2007 - 10 Temporarily Restricted Grants and Contributions:
No findings in 2008 audit.
- 2007 - 11 Journal Entries:
No findings in 2008 audit.
- 2007 - 12 Recording Transactions in the Wrong Period:
No findings in 2008 audit.
- 2007 - 13 Employee Paid More than Her Authorized Pay Rate:
No findings in 2008 audit.

Early Learning Coalition of Southwest Florida, Inc.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AND STATE PROGRAMS

June 30, 2008

Findings - Financial Statement Audit (continued)

Significant Deficiencies:

2007 - 14 Maintain Documentation of Approvals of Changes to Employee's Pay:
No findings in 2008 audit.

Federal Awards and State Projects Findings and Questioned Costs

Findings:

2006 - 8 Some Expenditures were Recorded in Incorrect General Ledger Accounts:
No findings in 2008 audit.

2006 - 9 Inventory Log of Equipment Did Not Contain All Required Components:
No findings in 2008 audit.

2007 - 7 Maintain Accounts Payable Subsidiary Ledger:
No findings in 2008 audit.

2007 - 8 Correct Estimates to Reflect Updated Information:
No findings in 2008 audit.

2007 - 13 Employee Paid More than Her Authorized Pay Rate:
No findings in 2008 audit.

2007 - 15 Inventory Log of Equipment Did Not Agree to Physical Inventory of Equipment:
No findings in 2008 audit.

2007 - 16 Notify Federal Awarding Agency of Disposal of Equipment Acquired with Federal Funds:
No findings in 2008 audit.

Early Learning Coalition of Southwest Florida, Inc.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

For the Year Ended June 30, 2008

Grantor/Program Title	CFDA CSFA	Expenditures	Transfer to Sub-recipient
Federal Awards:			
U.S. Department of Health and Human Services			
<i>Passed through Agency for Workforce Innovation</i>			
<i>School Readiness Services</i>			
Child Care and Development Block Grant	93.575	\$ 4,886,725	\$ 4,478,730
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	<u>9,109,183</u>	<u>8,348,654</u>
Total Child Care Cluster		13,995,908	12,827,384
Temporary Assistance for Needy Families	93.558	6,268,187	5,744,854
Social Services Block Grant	93.667	<u>18,190</u>	<u>16,671</u>
Total Expenditures of Federal Awards		<u><u>\$ 20,282,285</u></u>	<u><u>\$ 18,588,909</u></u>
State Financial Assistance:			
State of Florida Department of Education			
Voluntary Pre-kindergarten Assistance to Low Performing Providers	48.099	\$ 35,939	\$ -
Regional VPK Facilitator	48.098	78,118	-
<i>Passed through Agency for Workforce Innovation</i>			
School Readiness Services	75.005	202,630	185,713
Voluntary Pre-Kindergarten	75.007	<u>18,701,937</u>	<u>18,273,551</u>
Total Expenditures of State Awards		<u><u>\$ 19,018,624</u></u>	<u><u>\$ 18,459,264</u></u>

Basis of Presentation

The accompanying schedule of expenditures of federal awards and state financial assistance is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations", the Florida *Executive Office of the Governor's State Projects Compliance Supplement* and Chapter 10.650, Rules of the Auditor General, State of Florida. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.