AUDIT COMMITEE MEETING
February 28, 2018 at 10:30 am
ELC Board Room

I.	Welcome & Introductions	Adrian Alfonso
II.	Approval of Minutes	Adrian Alfonso
III.	Annual Audit by Verdeja, De Armas & Trujillo	Octavio Verdeja
IV.	Public Comments	Adrian Alfonso
V.	Meeting Adjourn	Adrian Alfonso

Mission: To promote high-quality school readiness, voluntary pre-kindergarten and after school programs, thus increasing all children's chances of achieving future educational success and becoming productive members of society. The Coalition seeks to further the physical, social, emotional and intellectual needs of Miami-Dade and Monroe County children with a priority toward the ages before birth through age 5.

Early Learning Coalition of Miami-Dade/Monroe

Minutes

Audit Committee Meeting
May 31, 2017; 11:00 AM
ELC Board Room

Committee Attendees: Ana Olarte (via conference call); Adrian Alfonso; Rudy Rodriguez (via conference call); David Kadar; Ileana Alvarez

Staff Attendees: Angelo Parrino, Ana Rodriguez, Sandra Gonzalez, Alex Sanchez, Victor Caballero, Marvin Garcia

I. Welcome and Introductions **Adrian Alfonso**

- A. Alfonso called the meeting to order and welcomed everyone. Quorum was established.

II. Approval of Minutes **Adrian Alfonso**

- Motion to approve minutes by R. Rodriguez.
- Motion seconded by A. Olarte.
- Motion was unanimously passed.

III. Annual Audit Report

- Harvey, Covington, Thomas representative discussed the recent audit. No finding or observations were found

  - Motion to approve audit results by R. Rodriguez.
  - Motion seconded by A. Olarte.
  - Motion was unanimously passed.

IV. Marcum, LLP **Mark Agulnik**

- M. Agulnik gave a brief report on the audit that Marcum, LLP will be conducting. A complete report will be presented to the Audit Committee at a later date.

V. Adjourn **Adrian Alfonso**

EARLY LEARNING COALITION OF
MIAMI-DADE/MONROE, INC.

FINANCIAL STATEMENTS,
SUPPLEMENTARY INFORMATION AND
INDEPENDENT AUDITORS' REPORT

JUNE 30, 2017 AND 2016

TABLE OF CONTENTS

Verdeja • De Armas • Trujillo
Certified Public Accountants

Manny Alvarez, C.P.A.
Pedro M. De Armas, C.P.A.
Eric E. Santa Maria, C.P.A.
Alejandro M. Trujillo, C.P.A.
Octavio A. Verdeja, C.P.A.
Tab Verdeja, C.P.A.
Monique Bustamante, C.P.A.
Michelle del Sol, C.P.A.
Ian Molina, C.P.A.
Octavio F. Verdeja, C.P.A.

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Early Learning Coalition of Miami-Dade/Monroe, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of the Early Learning Coalition of Miami-Dade/Monroe, Inc. (the "Organization") (a Florida nonprofit organization), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2017, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Verdeja-DeArmas-Trujillo

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
December 20, 2017

EARLY LEARNING COALITION OF MIAMI-DADE/MONROE, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2017 AND 2016

ASSETS

	2017	2016
Cash and cash equivalents	$ 10,767,873	$ 1,368,833
Grants receivable	10,487,182	15,137,627
Furniture and equipment, net	343,478	297,451
Other assets	447,427	328,122
TOTAL ASSETS	$ 22,045,960	$ 17,132,033

LIABILITIES AND NET ASSETS

	2017	2016
LIABILITIES		
Accounts payable	$ 19,809,068	$ 15,036,896
Deferred revenues	36,020	47,011
Other liabilities	1,137,409	989,271
TOTAL LIABILITIES	20,982,497	16,073,178
NET ASSETS		
Unrestricted	1,063,463	1,058,855
TOTAL NET ASSETS	1,063,463	1,058,855
TOTAL LIABILITIES AND NET ASSETS	$ 22,045,960	$ 17,132,033

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

EARLY LEARNING COALITION OF MIAMI-DADE/MONROE, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	2017	2016
SUPPORT AND REVENUES		
Grants	$ 183,971,937	$ 181,816,920
The Children's Trust	5,161,899	4,941,634
Contributions and other	40,250	22,675
TOTAL SUPPORT AND REVENUE	189,174,086	186,781,229
EXPENSES:		
Early education services	184,864,828	181,705,315
Management and general	4,304,650	5,293,855
TOTAL EXPENSES	189,169,478	186,999,170
CHANGE IN NET ASSETS	4,608	(217,941)
NET ASSETS, BEGINNING OF YEAR	1,058,855	1,276,796
NET ASSETS, END OF YEAR	$ 1,063,463	$ 1,058,855

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

EARLY LEARNING COALITION OF MIAMI-DADE/MONROE, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	2017			2016		
	Early Education Service	Management and General	Total	Early Education Service	Management and General	Total
Dues and subscriptions	$ 24,650	$ 22,479	$ 47,129	$ 6,632	$ 23,347	$ 29,979
Enhancement projects	7,662,424	-	7,662,424	7,805,576	-	7,805,576
Educational materials (Quality Initiatives)	5,641,708	54,451	5,696,159	1,886,294	2,795	1,889,089
Equipment repairs and maintenance	58,755	2,863	61,618	155,970	8,950	164,920
Insurance	96,843	6,890	103,733	90,506	20,312	110,818
Meetings and conferences	47,706	28,068	75,774	35,917	23,965	59,882
Occupancy costs	1,624,961	131,683	1,756,644	1,444,542	(59,539)	1,385,003
Office	1,491,574	35,528	1,527,102	415,623	154,458	570,081
Other	1,135,601	47,277	1,182,878	(24,127)	27,390	3,263
Postage and freight	36,428	26,009	62,437	70,485	20,929	91,414
Printing	150,798	51,005	201,803	168,154	18,433	186,587
Professional fees	880,272	678,005	1,558,277	1,336,363	660,225	1,996,588
Salaries and benefits	13,754,510	2,855,926	16,610,436	11,948,646	4,155,640	16,104,286
Direct child care	147,041,737	-	147,041,737	151,943,404	-	151,943,404
Sub-recipient contracts	4,452,023	21,467	4,473,490	3,691,481	20,398	3,711,879
Telephone	346,121	66,738	412,859	360,731	15,528	376,259
Travel and training	395,255	105,270	500,525	345,289	55,835	401,124
TOTAL EXPENSES BEFORE DEPRECIATION	184,841,366	4,133,659	188,975,025	181,681,486	5,148,666	186,830,152
DEPRECIATION	23,462	170,991	194,453	23,829	145,189	169,018
TOTAL EXPENSES	$ 184,864,828	$ 4,304,650	$ 189,169,478	$ 181,705,315	$ 5,293,855	$ 186,999,170

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

EARLY LEARNING COALITION OF MIAMI-DADE/MONROE, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 4,608	$ (217,941)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	194,453	169,017
Changes in assets and liabilities:		
Grants receivable	4,650,445	(1,311,317)
Other assets	(119,305)	(151,479)
Accounts payable	4,772,172	106,140
Deferred revenues	(10,991)	(15,684)
Other liabilities	148,138	103,959
TOTAL ADJUSTMENTS	9,634,912	(1,099,364)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	9,639,520	(1,317,305)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of furniture and equipment	(240,480)	(71,541)
NET CASH USED IN INVESTING ACTIVITIES	(240,480)	(71,541)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	9,399,040	(1,388,846)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,368,833	2,757,679
CASH AND CASH EQUIVALENTS AT END OF YEAR	$10,767,873	$ 1,368,833

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

NOTE 1 - NATURE OF ORGANIZATION

Early Learning Coalition of Miami-Dade/Monroe, Inc. f/k/a Miami-Dade School Readiness Coalition, Inc. (the "Organization") was incorporated under the laws of the State of Florida on April 12, 2000, following the enactment of Florida State Statute 411.01 that established the Florida Partnership for School Readiness (the "Partnership"). The Organization has been entrusted to implement the Voluntary Pre-kindergarten ("VPK") program in accordance with the laws, rules and regulations of the State of Florida particularly the Voluntary Pre-kindergarten Education Program Act, Chapter 1002, Part V, Florida Statutes. This program is designed to prepare all 4-year olds for kindergarten and build the foundation for future educational success.

The Organization's mission is to promote school readiness and voluntary pre-kindergarten programs, thus increasing the probability for all children of achieving future educational success and becoming productive members of society. The Organization seeks to further the physical, social, emotional and intellectual needs of Miami-Dade and Monroe County children beginning before birth through age five.

Substantially all of the Organization's support and revenue was received from a contract with the Partnership. The contract provides for a comprehensive program of readiness and services that enhances the cognitive, social and physical development of children in order to achieve performance standards and outcome measures established by the Partnership. The Organization provides school readiness services to every eligible family, to the extent that funding resources are available. The Organization receives additional support and revenue from grants and donations from other sources.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

- **Unrestricted** - Net assets which are not subject to any donor-imposed stipulations or restrictions; and include all revenue, gains and losses that are not changes in permanently or temporarily restricted net assets.

- **Temporarily Restricted** - Net assets whose use by the Organization is limited by donor-imposed stipulations that either expire with the passage of time or that can be fulfilled or otherwise removed by actions of the Organization pursuant to those stipulations. The Organization presently does not have any temporarily restricted net assets.

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

Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures including, but not limited to the determination of the net realizable value of receivables and the useful lives of donated and acquired assets. Accordingly, actual results could differ from those estimates.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Concentration of Credit Risk

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

Through the use of Repurchase Agreement Contracts with the financial institutions, the Organization’s deposits are fully collateralized on a daily basis with U.S. Government securities and Government Agency Bonds pledged up to the amount of deposits. The securities will be priced at their fair market value on the day of the transaction plus an excess margin to ensure deposits will be fully secured. Under these agreements, a daily confirmation is generated by the financial institutions showing what securities the Organization contractually owns. Repurchase accounts are not covered by FDIC insurance.

The Organization has $1,063,463 in net assets as of June 30, 2017. Substantially all of the Organization’s support was provided by the Federal government and the State of Florida under early childhood education and voluntary pre-kindergarten programs. A significant reduction in this level of support, if this were to occur, would have an adverse effect on the Organization’s programs and activities and its ability to satisfy it’s financial and program obligations and commitments. However, the payable obligations under the subcontracted service provider arrangements are only payable from the Organization upon support provided from the Federal government and the State of Florida. To the extent the subcontracted payment arrangements will not be forthcoming, the Organization will not be obligated. The Organization’s risk is limited to the support received from the federal and state grants.

Fair Value of Financial Instruments

The fair value of financial instruments is determined by reference to various market data and other valuation techniques, as appropriate. Unless otherwise disclosed, the fair value of financial instruments, including cash and cash equivalents, grants receivable, accounts payable, deferred revenues and other liabilities, approximates their recorded values due primarily to the short-term nature of their maturities.

Cash and Cash Equivalents

The Organization considers all highly-liquid investments with a maturity of three months or less to be cash equivalents.

Furniture and Equipment, Net

Furniture and equipment are stated at cost at the date of acquisition. Major betterments and additions are capitalized, while replacements, maintenance and repairs which do not improve or extend the lives of the respective assets are charged to expense as incurred. Donated furniture and equipment are recorded at their fair market value at the date of donation. Upon retirement or disposal of assets, the cost and accumulated depreciation are eliminated from the accounts and the resulting gain or loss is included in revenues or expenses. Depreciation is computed using the straight line method over the estimated useful lives of the assets, which generally range from 3 to 5 years.

Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal or state income taxes has been made in the accompanying financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes (Continued)

The Organization recognizes and measures tax positions taken or expected to be taken in its tax return based on their technical merit and assesses the likelihood that the positions will be sustained upon examination based on the facts, circumstances and information available at the end of each period. Interest and penalties on tax liabilities, if any, would be recorded in interest expense and other non-interest expense, respectively.

The U.S. Federal jurisdiction and Florida are the major tax jurisdictions where the Organization files tax returns. The Organization is generally no longer subject to U.S. Federal or State examinations by tax authorities for years before 2014.

Support and Revenue

The Organization’s principal source of revenue is derived from federal and state grants. Grant revenues are recognized based on the incurrence of allowable costs for cost reimbursement awards. Contributions are recognized upon receipt, unless accompanied by restrictions or conditions. Based on the Organization’s experience with the grantors, management has determined that the related grants receivable are fully collectible. Consequently, no allowance for doubtful accounts is included in the accompanying financial statements.

Grants and other revenues where the donor-imposed restrictions are met in the same reporting period in which the revenue is recognized are reported as unrestricted support.

Allocation of Functional Expenses

Program expenses and management and general expenses have been summarized on a functional basis in the Statements of Activities and in the Statements of Functional Expenses. Directly identifiable expenses are charged to programs and supporting services. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Subsequent Events

The Organization has evaluated subsequent events through December 20, 2017, which is the date the financial statements were available to be issued.

NOTE 3 - FURNITURE AND EQUIPMENT, NET

Furniture and equipment as of June 30, 2017 is comprised of the following:

	2017	2016
Office equipment	$ 1,433,734	$ 1,350,834
Furniture and fixtures	148,220	148,220
	1,581,954	1,499,054
Less: accumulated depreciation	(1,238,476)	(1,201,603)
	$ 343,478	$ 297,451

NOTE 3 - FURNITURE AND EQUIPMENT, NET (Continued)

Pursuant to the contract with the Partnership, upon termination of the contract the Partnership retains title to all furniture and equipment purchased with funds provided by the Partnership. Accordingly, these assets are recorded as temporarily restricted net assets and are reported under the caption “School Readiness Services.”

Depreciation expense was $194,453 and $169,017 for the years ended June 30, 2017 and 2016, respectively.

NOTE 4 - ACCOUNTS PAYABLE

Accounts payable consist of the following at June 30:

	2017	2016
Child Development	$ 13,117,319	$ 13,259,263
Other	6,691,749	1,777,633
	$ 19,809,068	$ 15,036,896

NOTE 5 - COMMITMENTS AND CONTINGENCIES

Operating Leases

The Organization leases its Miami-Dade and Monroe County facilities under noncancelable operating leases expiring in at various dates through June 2024. Additionally, the Organization leases copiers. Future minimum payments under these leases are as follows:

Fiscal year June 30, 2016	
2018	$2,162,609
2019	1,364,428
2020	715,107
2021	486,030
Thereafter	1,080,413
	$5,808,587

Rent expense for the years ended June 30, 2017 and 2016 was $1,049,876 and $1,023,304, respectively.

Other

The Organization participates in a number of federal and state grants assistance programs. Amounts received or receivable from grantor agencies are subject to audit and compliance testing by those agencies to determine if activities undertaken by the Organization comply with the conditions of the grant. Any disallowed amounts may constitute a liability to the Organization. Management believes that no material liability will arise from any such audits.

NOTE 5 - COMMITMENTS AND CONTINGENCIES (Continued)

Litigation

The Organization is exposed to various asserted and unasserted potential claims encountered in the normal course of business. In the opinion of management, the resolution of these matters will not have a material effect on the Organization’s financial position or results of operations.

SUPPLEMENTARY INFORMATION

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

Federal/State Agency Pass-through Entity, Federal Program/State Project	CFDA/ CFSA Number	Conract/ Grant Number	Expenditures
FEDERAL AWARDS:			
U.S. Department of Health and Human Services			
Passed Through Florida's Office of Early Learning			
Temporary Assistance to Needy Families	93.558	SR197	$ 36,750,408
Child Care Development Fund (CCDF) Cluster:			
CCDF Block Grant	93.575	SR197	49,109,163
Performance Pilot Program	93.575	PP614	617,532
CCDF - Mandatory Matching	93.596	SR197	27,883,626
CCDF-Cluster Program			77,610,321
Social Services Block Grant	93.667	SR197	14,202
U.S. Department of Health and Human Services			
Administration for Children and Families			
Office of Head Start	93.600	04HP0007-02-00	10,992,390
HIPPY - Passed through University of South Florida			
TANF	93.558	SR936	150,506
Passed through Department of Children and Families:			
Office of Refugee Settlement			
Refugee and Entrant Assistance - State Administered Programs	93.566	XK047	513,958
Refugee and Entrant Assistance - Discretionary Grants	93.576	XK047	1,043,491
			1,557,449
Centers for Disease Control and Prevention			
Passed through Nemours Foundation			
PPHF: Early Childcare and Education Obesity Prevention Program - Obesity Prevention in Young Children - financed solely by Public Prevention and Health Funds	93.742		273,549
Total U.S. Department of Health and Human Services			273,549
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 127,348,825

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

Federal/State Agency Pass-through Entity, Federal Program/State Project	CFDA/CFSA Number	Contract/ Grant Number	Expenditures
STATE FINANCIAL ASSISTANCE:			
Florida's Office of Early Learning			
Voluntary Pre-Kindergarten Education	48.108	SV197	$ 55,733,587
Voluntary Pre-Kindergarten Education - Outreach and Awareness	48.108	OA197	141,571
Total Florida's Office of Early Learning			55,875,158
Passed through University of Florida			
Voluntary Pre-Kindergarten Education	48.108	SR197	8,742
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE			$ 55,883,900
TOTAL EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE			$ 183,232,725

1. GENERAL

The Schedule of Expenditures of Federal Awards and State Financial Assistance included herein represent all of the Federal Awards and State projects of the Organization during the year ended June 30, 2017.

2. BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance is presented using the accrual basis of accounting and includes expenses incurred by the Organization during the year ended June 30, 2017.

3. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance includes the federal and state grant activity of the Organization during its fiscal year July 1, 2016 to June 30, 2017. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance and Chapter 10.650, Rules of the Auditor General of the 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.

4. SUB-RECIPIENTS

Of the federal and state expenditures presented in this schedule, the Organization provided federal awards and state financial assistance to sub-recipients as follows:

Program Title	Federal CFDA / State CSFA Number	Amount provided to Sub-recipients
FEDERAL AWARDS:		
Temporary Assistance for Needy Families	93.558	$ 864,766
Child Care and Development Fund Block Grant	93.575	1,106,678
Child Care and Development Fund - Mandatory Matching	93.596	965,293
Head Start	93.600	74,375
Social Services Block Grant	93.667	2,645
Total Federal Awards Provided to Sub-recipients		$ 3,013,757

Verdeja • De Armas • Trujillo
Certified Public Accountants

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Pedro M. De Armas, C.P.A.
Eric E. Santa Maria, C.P.A.
Alejandro M. Trujillo, C.P.A.
Octavio A. Verdeja, C.P.A.
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Ian Molina, C.P.A.
Octavio F. Verdeja, C.P.A.

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 Miami-Dade/Monroe, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Early Learning Coalition of Miami-Dade/Monroe, Inc. (the "Organization") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 20, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

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

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Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Verdeja-DeArmas-Trujillo

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
December 20, 2017

Verdeja • De Armas • Trujillo
Certified Public Accountants

Manny Alvarez, C.P.A.
Pedro M. De Armas, C.P.A.
Eric E. Santa Maria, C.P.A.
Alejandro M. Trujillo, C.P.A.
Octavio A. Verdeja, C.P.A.
Tab Verdeja, C.P.A.
Monique Bustamante, C.P.A.
Michelle del Sol, C.P.A.
Ian Molina, C.P.A.
Octavio F. Verdeja, C.P.A.

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

To the Board of Directors
Early Learning Coalition of Miami-Dade/Monroe, Inc.

Report on Compliance for Each Major Federal Program and State Project

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program and State Project

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended June 30, 2017.

Report on Internal Control Over Compliance

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

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

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

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

Verdeja - De Armas Trujillo

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
December 20, 2017

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

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes __X__ No

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

Noncompliance material to financial statements noted? _____ Yes __X__ No

Federal Awards and State Financial Assistance

Internal control over major federal programs and state projects:

Material weakness(es) identified? _____ Yes __X__ No

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

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

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance or Chapter 10.650, *Rules of the Auditor General?* _____ Yes __X__ No

Identification of major programs:

CFDA/CFSA Number	Name of Federal/State Program or Cluster
93.575 / 93.596	Child Care Development Fund Cluster
48.108	VPK State General Funds

Dollar threshold used to distinguish between Type A and Type B programs:
$ 3,000,000 Federal
$ 1,676,517 State

Auditee qualified as low-risk auditee? __X__ Yes _____ No

SECTION II – FINANCIAL STATEMENT FINDINGS

CURRENT YEAR FINDINGS

None

PRIOR YEAR FINDINGS

None

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

CURRENT YEAR FINDINGS

None

PRIOR YEAR FINDINGS

None

No management letter is required as there were not any findings required to be reported in the management letter.