



## Audit Committee Meeting

### A G E N D A

March 27, 2013, 9:30AM

- I. Welcome and Introductions P. Morgan Hill, Audit Chair
  
- II. Approval of Minutes P. Morgan Hill, Audit Chair
  - A. Motion to approve September 20, 2012 Audit Committee meeting minutes
  
- III. Morrison, Brown, Argiz & Farra LLC Rick Covert, CPA
  
- IV. Harvey, Covington & Thomas, LLC Financial Monitoring Mercy Castiglione, CPA Controller
  
- V. Adjourn P. Morgan Hill, Audit Chair



Audit Committee Meeting  
September 20, 2012, 9:30 A.M.  
ELC Board Room

**Board Attendees:** P. Morgan Hill (Audit Chair) (phone), Octavio Verdeja (Board Chair) (phone)

**Staff Attendees:** Evelio Torres, Angelo Parrino, Mercy Castiglione, Liliana Murillo, Leeana Pena, Humberto Franquiz, Milton Silvera, and Christina Vila

**Audit Committee Attendees:** Adrian Alfonso, Partner CPA, Perez-Abreu Aguerrebere Sueiro Torres, Professional Liability

<b>I. Welcome and Introductions</b>	<b>Board Chair</b>
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- P. Morgan Hill, Audit Chair, called the meeting to order and welcomed everyone.

<b>II. Approval of Minutes</b>	<b>Board Chair</b>
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- P. Morgan Hill, Audit Chair, called for the approval of the meeting minutes for November 30, 2011 and February 23, 2012.

Motion to approve the minutes was made, seconded and passed unanimously.

<b>III. Risk Assessment</b>	<b>Angelo Parrino</b>
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- Angelo Parrino, Sr. VP & Chief Administrative Officer explained Project Gold Seal provider payment audit which was conducted on all those centers that currently have "Gold Seal Accreditation", which at this time is 100% of providers. The period tested was June 2012, only one center was identified no longer being Gold Seal accredited and payment was processed. Actions taken to recuperate the over payment was to notify provider that the payment will be recuperated via provider reimbursement deduction. Morgan Hill asked if there was a legal notification stating if provider is no longer a Gold Seal provider they must reimbursement the Coalition the money. Evelio Torres, CEO explained the money would be deducted from the providers next month payment.

<b>IV. Audit updates</b>	<b>Mercy Castiglione</b>
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- Mercy Castiglione, ELC Controller, informed the Board of all the upcoming and current audits. AG Audit is on the way and ELC has satisfied first round of questions.
- Date for the upcoming audits are as follows:
  - Annual Audit - October 5 (full year being tested)
  - OEL Fiscal Monitoring - December 5
  - OEL Programmatic Monitoring - December 13
  - Additionally two desk reviews

**V. Internal Control Survey****Mercy Castiglione**

- Part of the Audit Committee's responsibilities is to review and give feedback and assistance to the staff on our internal controls. Revisiting the Internal Control Survey, on the agenda for today's meeting is the Administrative Operations portion of the survey.
- The administrative operations section was reviewed and discussed by the committee. Mercy Castiglione reviewed the questions which were answered "NO" and further explained as to why they were answered "NO" as this time.
- At this point, no further questions were asked.

**VI. Adjourn****Board Chair**

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

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FINANCIAL STATEMENTS

JUNE 30, 2012 AND 2011



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## **REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

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

We have audited the accompanying statements of financial position of the Early Learning Coalition of Miami-Dade/Monroe, Inc. (the "Organization") as of June 30, 2012 and 2011, and the related statements of activities, functional expenses and cash flows for the years 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 audits provide 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 the Organization as of June 30, 2012 and 2011, and the changes in its net assets and its cash flows, for the years 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 14, 2012 on our consideration of the Organization's internal control over financial reporting and 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 should be considered in assessing the results of our audit.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements. The schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and Chapter 10.650, *Rules of the Auditor General* of the State of Florida, and is not a required part of the basic 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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 basic financial statements as a whole.

*Morrison, Brown, Argiz & Farra*

Miami, Florida  
December 14, 2012

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MIAMI-DADE/MONROE, INC.

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STATEMENTS OF FINANCIAL POSITION  
JUNE 30,

<b>ASSETS</b>	<b>2012</b>	<b>2011</b>
Cash and cash equivalents (including temporarily restricted cash of \$200,699 and \$201,860 for the years ended June 30, 2012 and 2011, respectively)	\$ 9,138,695	\$ 13,515,826
Grants receivable	13,040,209	15,880,819
Furniture and equipment, net	142,902	100,506
Other assets	95,397	142,359
<b>TOTAL ASSETS</b>	<b>\$ 22,417,203</b>	<b>\$ 29,639,510</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 21,496,046	\$ 28,763,956
Advance from other grants	-	6,447
Deferred revenues	19,065	12,137
Other liabilities	359,342	278,087
<b>TOTAL LIABILITIES</b>	<b>21,874,453</b>	<b>29,060,627</b>
<b>NET ASSETS</b>		
Unrestricted	342,051	377,023
Temporarily restricted	200,699	201,860
<b>TOTAL NET ASSETS</b>	<b>542,750</b>	<b>578,883</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 22,417,203</b>	<b>\$ 29,639,510</b>

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,

	<b>2012</b>		
	Unrestricted	Temporarily Restricted	Total
<b>SUPPORT AND REVENUES</b>			
Grants	\$ -	\$ 169,414,401	\$ 169,414,401
The Children's Trust	-	3,748,969	3,748,969
Contributions and other	52,477	-	52,477
Net assets released from restrictions:			
Satisfaction of program restrictions	173,164,531	(173,164,531)	-
<b>TOTAL SUPPORT AND REVENUE</b>	<b>173,217,008</b>	<b>(1,161)</b>	<b>173,215,847</b>
<b>EXPENSES:</b>			
Early education services	165,706,819	-	165,706,819
Management and general	7,545,161	-	7,545,161
<b>TOTAL EXPENSES</b>	<b>173,251,980</b>	<b>-</b>	<b>173,251,980</b>
<b>CHANGE IN NET ASSETS</b>	<b>(34,972)</b>	<b>(1,161)</b>	<b>(36,133)</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>377,023</b>	<b>201,860</b>	<b>578,883</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 342,051</b>	<b>\$ 200,699</b>	<b>\$ 542,750</b>

	<b>2011</b>		
	Unrestricted	Temporarily Restricted	Total
<b>SUPPORT AND REVENUES</b>			
Grants	\$ -	\$ 181,761,352	\$ 181,761,352
The Children's Trust	-	3,035,862	3,035,862
Contributions and other	6,006	-	6,006
Net assets released from restrictions:			
Satisfaction of program restrictions	185,577,121	(185,577,121)	-
<b>TOTAL SUPPORT AND REVENUE</b>	<b>185,583,127</b>	<b>(779,907)</b>	<b>184,803,220</b>
<b>EXPENSES:</b>			
Early education services	178,129,060	-	178,129,060
Management and general	7,381,502	-	7,381,502
<b>TOTAL EXPENSES</b>	<b>185,510,562</b>	<b>-</b>	<b>185,510,562</b>
<b>CHANGE IN NET ASSETS</b>	<b>72,565</b>	<b>(779,907)</b>	<b>(707,342)</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>304,458</b>	<b>981,767</b>	<b>1,286,225</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 377,023</b>	<b>\$ 201,860</b>	<b>\$ 578,883</b>

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,**

	2012			2011		
	Early Education Service	Management and General	Total	Early Education Service	Management and General	Total
Dues and subscriptions	\$ 13,485	\$ 25,394	\$ 38,879	\$ 59	\$ 15,088	\$ 15,147
Enhancement projects	2,850,172	11,375	2,861,547	3,548,978	31,577	3,580,555
Educational materials (Quality Initiatives)	1,455,333	14,212	1,469,545	2,273,987	2,250	2,276,237
Equipment repairs and maintenance	3,211	2,973	6,184	941	1,594	2,535
Insurance	10,790	34,668	45,458	7,548	29,188	36,736
Meetings and conferences	15,126	2,101	17,227	8,376	10,976	19,352
Occupancy costs	179,292	277,016	456,308	81,501	325,674	407,175
Office	22,653	(19,494)	3,159	37,121	43,897	81,018
Other	7,466	14,734	22,200	12,637	28,954	41,591
Postage and freight	4,535	8,291	12,826	38,757	13,964	52,721
Printing	69,257	35,373	104,630	33,058	40,544	73,602
Professional fees	418,524	682,296	1,100,820	342,300	669,494	1,011,794
Salaries and benefits	1,729,730	3,062,934	4,792,664	1,380,850	3,016,918	4,397,768
Sub-recipient contracts	158,805,743	3,195,071	162,000,814	170,277,988	2,937,035	173,215,023
Telephone	59,864	66,618	126,482	39,623	92,309	131,932
Travel and training	61,638	51,034	112,672	45,336	50,421	95,757
<b>TOTAL EXPENSES BEFORE DEPRECIATION</b>	<b>165,706,819</b>	<b>7,464,596</b>	<b>173,171,415</b>	<b>178,129,060</b>	<b>7,309,883</b>	<b>185,438,943</b>
DEPRECIATION	-	80,565	80,565	-	71,619	71,619
<b>TOTAL EXPENSES</b>	<b>\$ 165,706,819</b>	<b>\$ 7,545,161</b>	<b>\$ 173,251,980</b>	<b>\$ 178,129,060</b>	<b>\$ 7,381,502</b>	<b>\$ 185,510,562</b>

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

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

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STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30,

	<b>2012</b>	<b>2011</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	<u>\$ (36,133)</u>	<u>\$ (707,342)</u>
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	80,565	71,619
Changes in assets and liabilities:		
Grants receivable	2,840,610	(711,033)
Other assets	46,962	(107,165)
Accounts payable	(7,267,910)	2,880,857
Deferred revenues	6,928	(11,569)
Advances from other grants	(6,447)	4,908
Other liabilities	<u>81,255</u>	<u>20,273</u>
<b>TOTAL ADJUSTMENTS</b>	<u>(4,218,037)</u>	<u>2,147,890</u>
<b>NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES</b>	<u><b>\$ (4,254,170)</b></u>	<u><b>\$ 1,440,548</b></u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of furniture and equipment	<u>(122,961)</u>	<u>(27,103)</u>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	(4,377,131)	1,413,445
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>13,515,826</u>	<u>12,102,381</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u><b>\$ 9,138,695</b></u>	<u><b>\$ 13,515,826</b></u>

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

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

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NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

**1. NATURE OF ORGANIZATION**

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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.

The Organization subcontracted with three major service providers, Miami-Dade County Department of Human Services, Child Development ("CDS") and Wesley House, Inc., in order to carry out its mission. The contracts provide for subsidized child care services to eligible children and families, as well as the administrative and direct services necessary in order to develop and to maintain a safe, cost-effective and family-friendly system that protects at-risk children.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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**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.
- **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.

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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**Use of 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.

**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.

However, 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 \$542,750 in net assets which represents approximately 2% of total assets and liabilities as of June 30, 2012. 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 its 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.

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

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NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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**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.

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 2009.

**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.

**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 14, 2012 which is the date the financial statements were available to be issued.

**Recent Accounting Pronouncement**

Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs

In May 2011, the Financial Accounting Standards Board ("FASB") issued an accounting standard update which works to achieve common fair value measurement and disclosure requirements in U.S. GAAP and International Financial Reporting Standards ("IFRS"). The update both clarifies the FASB's intent about the application of existing fair value guidance, and also changes certain principles regarding measurement and disclosure. The update is effective prospectively and is effective for annual periods beginning after December 15, 2011. Early application is permitted for interim periods beginning after December 15, 2011. The Organization is currently evaluating the effect the update will have on its financial statements.

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

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NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

**3. FURNITURE AND EQUIPMENT, NET**

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

	<u>2012</u>	<u>2011</u>
Office equipment	\$ 829,246	\$ 944,684
Furniture and fixtures	<u>100,701</u>	<u>108,497</u>
	929,947	1,053,181
Less: accumulated depreciation	<u>(787,045)</u>	<u>(952,675)</u>
	<u><b>\$ 142,902</b></u>	<u><b>\$ 100,506</b></u>

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 \$80,565 and \$71,619 for the years ended June 30, 2012 and 2011, respectively.

**4. ACCOUNTS PAYABLE**

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Accounts payable consist of the following at June 30:

	<u>2012</u>	<u>2011</u>
Child Development	\$ 19,799,288	\$ 25,269,263
Other	<u>1,696,758</u>	<u>3,494,693</u>
	<u><b>\$ 21,496,046</b></u>	<u><b>\$ 28,763,956</b></u>

**5. TEMPORARILY RESTRICTED NET ASSETS**

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Temporarily restricted net assets are comprised of the following:

	<u>2012</u>	<u>2011</u>
School Readiness Services	<u>\$ 200,699</u>	<u>\$ 201,860</u>
<b>Total</b>	<u><b>\$ 200,699</b></u>	<u><b>\$ 201,860</b></u>

Included in School Readiness Services net assets for the years ended June 30, 2012 and 2011 are \$266,939 and \$242,333 of temporarily restricted furniture and equipment (NOTE 3), respectively. These assets have been reduced by accrued liabilities of \$66,240 and \$40,473 for the years ended June 30, 2012 and 2011, respectively.

The Organization reports grant revenues that are received and earned in the same reporting period as an increase in temporarily restricted net assets. As grants revenues are earned during the period, they are reclassified to unrestricted revenues and reported in the Statements of Activities as net assets released from restrictions. During the year ended June 30, 2012, the Organization's program activities exceeded grant revenues for the period, causing the amount released from restriction to exceed the amounts received by \$1,161.

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

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NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

**6. COMMITMENTS AND CONTINGENCIES**

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**Operating Leases**

The Organization leases its Miami-Dade County facilities under a noncancelable operating lease expiring in October 2018 and its Monroe County facilities under a noncancelable operating lease expiring in 2013. Additionally, the Organization leases copiers expiring in May 2015. Future minimum payments under these leases are as follows:

<u>Fiscal year June 30</u>	
2013	\$ 406,841
2014	385,050
2015	384,626
2016	379,968
2017	379,968
Thereafter	<u>126,656</u>
	<b><u>\$ 2,063,109</u></b>

Rent expense for the years ended June 30, 2012 and 2011 was approximately \$406,000 and \$459,000, respectively. 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.

**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.

## SUPPLEMENTAL INFORMATION



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

17

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED JUNE 30, 2012

Federal/State Agency Pass-through Entity, Federal Program/State Project	CFDA/CFSA Number	Contract/ Grant Number	Expenditures
<b>FEDERAL AWARDS:</b>			
<b>U.S. Department of Health and Human Services</b>			
Passed through the Agency for Workforce Innovation (AWI)			
Temporary Assistance to Needy Families	93.558	SR192	\$ <u>55,111,042</u>
Child Care Development Fund (CCDF) Cluster:			
CCDF Block Grant	93.575	SR192	20,983,814
CCDF - Mandatory Matching	93.596	SR192	<u>33,959,684</u>
CCDF-Cluster Program			<u>54,943,498</u>
Social Services Block Grant	93.667	SR192	<u>99,028</u>
<b>Passed through Department of Children and Families:</b>			
Office of Refugee Settlement			
Refugee and Entrant Assistance - State Administered Programs	93.566	XK004	565,957
Refugee and Entrant Assistance - Discretionary Grants	93.576	XK004	<u>1,149,064</u>
			<u>1,715,021</u>
<b>Total U.S. Department of Health and Human Services</b>			<b><u>111,868,589</u></b>
<b>U.S. Department of Education:</b>			
Passed through the Office of Special Education			
Title I School Improvement	84.377A	932-1261A-IP001	<u>15,075</u>
<b>Total U.S. Department of Education</b>			<b><u>15,075</u></b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ <u>111,883,664</u></b>

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE FINANCIAL ASSISTANCE (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2012

Federal/State Agency Pass-through Entity, Federal Program/State Project	CFDA/CFSA Number	Contract/ Grant Number	Expenditures
<b>STATE FINANCIAL ASSISTANCE:</b>			
<b>Agency for Workforce Innovation:</b>			
Voluntary Pre-Kindergarten Education	48.108	SV192	\$ 56,520,745
Voluntary Pre-Kindergarten Education - Outreach and Awareness	48.108	OA192	<u>133,539</u>
Total Agency for Workforce Innovation			<u><b>56,654,284</b></u>
<b>Florida Department of Education:</b>			
Voluntary Pre-Kindergarten Education - Regional Facilitator	48.098	932-96530-1Q001	<u>17,387</u>
<b>TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE</b>			<u><b>\$ 56,671,671</b></u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE</b>			<u><b>\$ 168,555,335</b></u>

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

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NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED JUNE 30, 2012

**1. GENERAL**

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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, 2012.

**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, 2012.

**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, 2011 to June 30, 2012. 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, 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:

<u>Program Title</u>	<u>Federal CFDA / State CSFA Number</u>	<u>Amount provided to Sub-recipients</u>
<b>FEDERAL AWARDS:</b>		
Temporary Assistance for Needy Families	93.558	\$ 52,418,153
Child Care and Development Fund	93.575	19,958,483
Child Care and Development Fund - Mandatory Matching	93.596	32,300,314
Social Services Block Grant	93.667	94,189
Refugee and Entrant Assistance - Discretionary Grants	93.576	1,105,353
Refugee and Entrant Assistance - State Administered Programs	93.566	<u>544,427</u>
Total Federal Awards Provided to Sub-recipients		<u>\$ 106,420,919</u>

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

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NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE FINANCIAL ASSISTANCE (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2012

**4. SUB-RECIPIENTS (CONTINUED)**

---

<u>Program Title</u>	<u>Federal CFDA / State CSFA Number</u>	<u>Amount provided to Sub-recipients</u>
<b>STATE FINANCIAL ASSISTANCE:</b>		
Voluntary Pre-Kindergarten Education	48.108	\$ 55,579,895
Total State Financial Assistance Provided to Sub-recipients		<b>\$ 55,579,895</b>
Total Federal Awards and State Financial Assistance Provided to Sub-recipients		<b>\$ 162,000,814</b>



**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS 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 the financial statements of Early Learning Coalition of Miami-Dade/Monroe, Inc. (the "Organization") as of and for the year ended June 30, 2012, and have issued our report thereon dated December 14, 2012. 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 the Organization'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 our 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 *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.

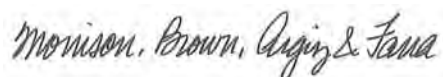
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization'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 management, the audit committee, the Board of Directors, 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.



Miami, Florida  
December 14, 2012



**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND SECTION 10.650, RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA**

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

Compliance

We have audited the compliance of Early Learning Coalition of Miami-Dade/Monroe, Inc. (the "Organization") with the types of compliance requirements described in the U.S. Office of Management and Budget ("OMB") *Circular A-133 Compliance Supplement*, and the requirements described in the *Executive Office of the Governor's 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, 2012. The Organization's major federal programs and state projects 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 programs and state projects is the responsibility of the Organization's management. Our responsibility is to express an opinion on the Organization'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; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and Chapter 10.650, *Rules of the Auditor General of the State of Florida*, and with the special audit guidance provided by the *Agency for Workforce Innovation*. Those standards, OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and Chapter 10.650, *Rules of the Auditor General of the State of Florida*, and the special audit guidance provided by the *Agency for Workforce Innovation*, 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 Organization'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 the Organization's compliance with those requirements.

In our opinion, the Organization complied, in all material respects, with the 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, 2012.

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

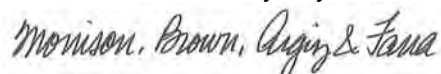
### Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs and state projects. In planning and performing our audit, we considered the Organization's internal control over compliance with requirements that could have a direct and material effect on a major federal program and state project in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for purposes 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.

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 deficiencies, 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 management, the audit committee, the Board of Directors, 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.



Miami, Florida  
December 14, 2012



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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2012

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditors' report issued:	Unqualified	
Internal control over financial reporting:		
Material weakness(es) identified?	_____ Yes	<u>  X  </u> No
Significant deficiency(ies) identified that are not considered to be a material weakness(es)?	_____ Yes	<u>  X  </u> No
Noncompliance material to financial statements noted?	_____ Yes	<u>  X  </u> No

Federal Awards and State Financial Assistance

Internal control over major programs:		
Material weakness(es) identified?	_____ Yes	<u>  X  </u> No
Significant deficiency(ies) identified that are not considered to be a material weakness(es)?	_____ Yes	<u>  X  </u> No
Type of auditor's report issued on compliance for major programs	Unqualified	
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133.	_____ Yes	<u>  X  </u> No

Identification of major programs:

<u>CFDA/CFSA Number</u>	<u>Name of Federal/State Program or Cluster</u>
93.575 / 93.596	Child Care Development Fund Cluster
93.558	Temporary Assistance to Needy Families
48.108	VPK State General Funds

Dollar threshold used to distinguish between Type A and Type B programs:	\$ 3,000,000	Federal
	\$ 1,700,150	State

Auditee qualified as low-risk auditee?	<u>  X  </u> Yes	_____ No
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**EARLY LEARNING COALITION OF  
MIAMI-DADE/MONROE, INC.**

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2012

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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.

COMPLIANCE REPORT FOR THE CHILDREN'S TRUST CONTRACTS  
FOR THE YEAR ENDED JUNE 30, 2012



**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON THE  
SCHEDULE OF TOTAL BUDGET TO ACTUAL EXPENDITURES OF  
THE CHILDREN'S TRUST CONTRACTS IN ACCORDANCE WITH THE  
PROGRAM-SPECIFIC AUDIT REQUIREMENTS OF THE CHILDREN'S TRUST**

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

We have audited the accompanying Schedule of Total Budget to Actual Expenditures of The Children's Trust Contracts (the "Schedule") of the Early Learning Coalition of Miami-Dade/Monroe, Inc. (the "Organization") for the year ended June 30, 2012. This Schedule is the responsibility of the Organization's management. Our responsibility is to express an opinion on the Schedule based on our audit.

We conducted our audit 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 Children's Trust contracts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Schedule is free of material misstatement. An audit 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 Organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the Schedule, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall Schedule presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the Schedule of Total Budget to Actual Expenditures of The Children's Trust Contracts referred to above presents fairly, in all material respects, the expenditures of The Children's Trust Contracts for the year ended June 30, 2012, under The Children's Trust Contracts, in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script that reads 'Morrison, Brown, Argiz &amp; Farra'.

December 14, 2012  
Miami, Florida

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

---

SCHEDULE OF TOTAL BUDGET TO ACTUAL EXPENDITURES  
OF THE CHILDREN'S TRUST CONTRACTS  
FOR THE YEAR ENDED JUNE 30, 2012

**Contract Number # 1217-1650**  
**Quality Counts – Quality Rating Improvement System**  
**Contract Period October 1, 2011 to September 30, 2012**

<u>Line Item Budget Category</u>	<u>Line Item Budget Amount</u>	<u>YTD Expenditures 10/01/2011 through 6/30/2012</u>	<u>Contract Remaining Balance</u>
Salaries - Full Time	\$ 432,977	\$ 312,031	\$ 120,946
Fringe Benefits	118,077	84,642	33,435
Travel - other than participants	10,906	9,470	1,436
Supplies - office	1,000	494	506
Supplies - program	2,000	1,740	260
Other Professional Services	319,516	24,011	295,505
Research Institutions	2,631,049	1,477,509	1,153,540
Administrative / Indirect Costs	183,475	93,227	90,248
<b>Total</b>	<b>\$ 3,699,000</b>	<b>\$ 2,003,124</b>	<b>\$ 1,695,876</b>

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

---

SCHEDULE OF TOTAL BUDGET TO ACTUAL EXPENDITURES  
OF THE CHILDREN'S TRUST CONTRACTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2012

---

**Contract Number # 1111-1650**  
**Leverage and Local Match**  
**Contract Period July 1, 2011 to June 30, 2012**

<u>Line Item Budget Category</u>	<u>Line Item Budget Amount</u>	<u>YTD Expenditures 07/01/2011 through 06/30/2012</u>	<u>Contract Remaining Balance</u>
Child Care Services	\$ 480,000	\$ 480,000	\$ -
<b>Total</b>	<b>\$ 480,000</b>	<b>\$ 480,000</b>	<b>\$ -</b>

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

---

NOTES TO SCHEDULE OF TOTAL BUDGET TO ACTUAL EXPENDITURES  
OF THE CHILDREN'S TRUST CONTRACTS  
FOR THE YEAR ENDED JUNE 30, 2012

**1. ORGANIZATION AND NATURE OF ACTIVITIES**

---

The Organization received funding for the following two programs during the year ended June 30, 2012 from The Children's Trust.

The purpose of the Quality Counts – Quality Rating Improvement System ("QRIS") is to make child care better for children ages birth through five, build the capacity of early care and education providers, establish accountability for voluntary standards of high quality, and influence consumers to demand high quality services for their children, with long term goals of improved child outcomes and school readiness for children and a coherent, coordinated early childhood system for the community.

The Leverage and Local Match program is designed to provide local match funding to the Organization in order to assist the Organization in drawing down the maximum allocated funds from the State Child Care Executive Partnership child care subsidy program.

**2. GENERAL**

---

The Schedule of Expenditures of The Children's Trust included herein represent all of The Children's Trust contracts with the Organization during the year ended June 30, 2012.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

---

Basis of Presentation

The Schedule of Total Budget to Actual Expenditures of The Children's Trust is presented using the accrual basis of accounting and includes expenses incurred by the Organization during the year ended June 30, 2012.

The Children's Trust contracts included in the Schedule of Total Budget to Actual Expenditures are operated on a reimbursement basis method of payment. Expenditures are reported in accordance with the contracted method of payment. Advances made by The Children's Trust to the Organization that are not repaid to The Children's Trust at the end of the year ended June 30, 2012 are accounted for in deferred revenues and are not included in the expenditures.

Allocation of Expenditures

Expenditures are invoiced in accordance with the budget as approved by The Children's Trust. There were no budget reallocations during the year ended June 30, 2012.

**4. DUE TO THE CHILDREN'S TRUST**

---

There were no amounts due back to the Children's Trust as of June 30, 2012.

**5. QUESTIONED COSTS**

---

There were no questioned costs noted during the audit performed for the year ended June 30, 2012.



**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT MATERIAL EFFECT APPLICABLE TO THE CHILDREN'S TRUST CONTRACTS AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE PROGRAM-SPECIFIC AUDIT REQUIREMENTS OF THE CHILDREN'S TRUST CONTRACTS**

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

Compliance

We have audited the compliance of Early Learning Coalition of Miami-Dade/Monroe, Inc. (the "Organization") with the types of compliance requirements described in The Children's Trust contracts that could have a direct and material effect on the Organization for the year ended June 30, 2012. Compliance with the requirements of laws, regulations and requirements applicable to The Children's Trust contracts is the responsibility of the Organization's management. Our responsibility is to express an opinion on the Organization'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 and The Children's Trust contracts with the Organization. Those standards and The Children's Trust contracts require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on The Children's Trust Contracts occurred. An audit includes examining, on a test basis, evidence about the Organization'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 the Organization's compliance with those requirements.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on The Children's Trust contracts for the year ended June 30, 2012.



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

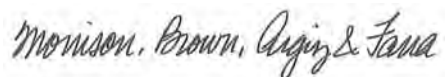
#### Internal Control Over Compliance

The management of the Organization is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations and requirement applicable to The Children's Trust contracts. In planning and performing our audit, we considered the Organization's internal control over compliance with requirements that could have a direct and material effect on The Children's Trust contracts, in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with The Children's Trust contracts, 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 over 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 The Children's Trust contract on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of control deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of The Children's Trust program will not be prevented, or detected and corrected, on a timely basis.

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 that might be deficiencies, 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 Children's Trust, the Board of Directors of the Organization and management and is not intended to be and should not be used by anyone other than these specified parties.



Miami, Florida  
December 14, 2012

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

---

SCHEDULE OF FINDINGS AND QUESTIONED COSTS-  
THE CHILDREN'S TRUST CONTRACTS  
FOR THE YEAR ENDED JUNE 30, 2012

---

Financial Statements

Type of auditor's report issued:	Unqualified	
Internal control over financial reporting:		
Material weakness(es) identified?	_____ Yes	___X___ No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	_____ Yes	___X___ None reported
Management letter or report on other matters related to internal controls issued?	_____ Yes	___X___ None reported
Noncompliance material to financial statements noted?	_____ Yes	___X___ No

The Children's Trust Contracts Program Specific Audit

Type of auditor's report issued:	Unqualified	
Internal control over program:		
Material weakness(es) identified?	_____ Yes	___X___ No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	_____ Yes	___X___ None reported
Any audit findings or questioned costs?	_____ Yes	___X___ None reported

SECTION III – THE CHILDREN'S TRUST CONTRACTS PROGRAM SPECIFIC AUDIT FINDINGS AND QUESTIONED COSTS

CURRENT YEAR FINDINGS

None

PRIOR YEAR FINDINGS

None

**Accountants' Report on  
Financial Compliance Advisory Services**

**Early Learning Coalition of Miami Dade and Monroe Counties, Inc. (ELC 31)**

**2012-13 Financial Monitoring Report**  
*Period Reviewed: January 1, 2012 through October 31, 2012*

**Financial Compliance Advisory Services**  
**Early Learning Coalition of Miami Dade and Monroe Counties, Inc. (ELC 31)**  
**2012-13 Financial Monitoring Report**  
*Period Reviewed: January 1, 2012 through October 31, 2012*

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December 7, 2012

State of Florida  
Florida's Office of Early Learning  
Tallahassee, Florida

We have performed specific financial compliance consulting services as enumerated in the Florida Office of Early Learning's 2012-13 Onsite Financial Monitoring Tool for the Early Learning Coalition of Miami Dade and Monroe Counties, Inc. (ELC 31). These services were contracted by the Florida's Office of Early Learning (FOEL) to comply with its oversight and monitoring responsibilities as outlined in:

- 45 CFR Part 74.51(a);
- Chapter 411.01(4)(l), Florida Statutes; and
- Subpart D, Paragraph .400(d) of Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*.

These advisory services were conducted in accordance with the Statements on Standards for Consulting Services (SSCS) established by the American Institute of Certified Public Accountants. The sufficiency of the consulting services is solely the responsibility of Florida's Office of Early Learning. Consequently, we make no representations regarding the sufficiency of the consulting services performed, either for the purpose for which this report has been requested or for any other purpose.

From December 3, 2012 to December 7, 2012, we visited Early Learning Coalition of Miami Dade and Monroe Counties, Inc. (ELC 31) and performed financial compliance consulting services as summarized in FOEL's 2012-13 Onsite Financial Monitoring Tool for the period January 1, 2012 through October 31, 2012. The procedures performed and our related findings begin on page 6 of this report.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the Coalition's compliance with the previously described financial management requirements or on the Coalition's compliance with the financial management, procurement, and property standards as outlined in applicable Office of

Management and Budget Circulars, Code of Federal Regulations, or other state and federal requirements. Accordingly, we do not express such an opinion.

This report is intended solely for the information and use of FOEL and FOEL's management, and is not intended to be and should not be used by anyone other than these specified parties.

*Harvey Livingston Thomas, Sr.*

Early Learning Coalition of Miami Dade and Monroe Counties, Inc. (ELC 31)

2012-13 Financial Monitoring Report  
 Period Reviewed: January 1, 2012 through October 31, 2012

**Executive Summary**

I. Executive Summary

1.0 Findings

We performed financial monitoring procedures based on the Testing Procedures included in FOEL's 2012-13 Onsite Financial Monitoring Tool, which is available on the Office's website at the link below.

2012-13 Onsite Financial Monitoring Tool:

[http://www.floridaearlylearning.com/OEL\\_Accountability.html](http://www.floridaearlylearning.com/OEL_Accountability.html)

Our procedures were performed using firm and professional standards. A summary of the testing categories, or Objectives, used during this engagement and the related monitoring results are provided as follows:

Early Learning Coalition of Miami Dade and Monroe Counties, Inc. (ELC 31)		
2012-13 Monitoring Results		
Objectives <sup>(1)</sup>	Prior Period Findings	Current Period Findings
1.0 – Preventive /Corrective Action Plan (PCAP) Implementation	-	-
2.0 – Financial Management Systems	-	-
3.0 – Internal Control Environment	-	-
4.0 – Cash Management	-	-
5.0 – FOEL's Statewide Information System <sup>1</sup>	N/A	N/A
6.0 – Prepaid Program Items	-	-
7.0 – Cost Allocation and Disbursement Testing	-	-
8.0 – Travel	-	-
9.0 – Purchasing	-	-
10.0 – Contracting	-	-
11.0 – Subrecipient Monitoring	-	-
<b>TOTAL</b>	-	-

(1) Objective 5.0 – For 2012-13, testing of this objective is not included in the scoped onsite financial monitoring tasks. This Objective has been shown for disclosure purposes only.

**Early Learning Coalition of Miami Dade and Monroe Counties, Inc. (ELC 31)**

**2012-13 Financial Monitoring Report**  
*Period Reviewed: January 1, 2012 through October 31, 2012*

***Executive Summary***

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A summary of the results of our review of the prior period findings is included in the table below. New findings were created if prior period findings which should have been resolved remain unresolved.

<b>Early Learning Coalition of Miami Dade and Monroe Counties, Inc. (ELC 31)</b>				
<b>Prior Period Findings Status</b>				
<b>Finding</b>	<b>Resolved</b>	<b>Partially Resolved</b>	<b>Unresolved</b>	<b>New Finding</b>
No Prior Period Findings				

These financial monitoring procedures apply to both the School Readiness (SR) and Voluntary Pre-K Programs (VPK). Since F.S. 1002 does not provide specific financial monitoring steps for the state-funded VPK program, the minimum federal standards have been applied to both programs.

Detailed information about current period and prior period findings is provided in the attached Schedule of Findings. If the Coalition has current period findings it must submit a corrective action plan response to FOEL within 30 days of receipt of this report. If you have questions about the corrective action plan process please contact FOEL staff.



**2012-13 Financial Monitoring Report**  
*Period Reviewed: January 1, 2012 through October 31, 2012*

## ***Executive Summary***

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### **2.0 Observations**

Other matters or circumstances may have been noted by us as we completed the indicated monitoring tasks. Detailed information about these observations is provided in ***The Schedule of Observations*** and is summarized as follows:

#### **Observations from 2012-13 Onsite Visit**

No observations were noted in the current monitoring period.

#### **Items for FOEL Follow-up**

The monitoring team noted no items for FOEL follow-up.

This Monitoring Report is intended solely for the information and use of the FOEL and FOEL's management and is not intended to be and should not be used by anyone other than these specified parties.

**Early Learning Coalition of Miami Dade and Monroe Counties, Inc. (ELC 31)****2012-13 Financial Monitoring Report**  
*Period Reviewed: January 1, 2012 through October 31, 2012****Schedule of Findings***

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**II. Schedule of Findings**

We performed financial monitoring procedures based on the Testing Procedures included in FOEL's 2012-13 Onsite Financial Monitoring Tool, which is available on the Office's website at the link below.

*2012-13 Onsite Financial Monitoring Tool:*

[http://www.floridaearlylearning.com/OEL\\_Accountability.html](http://www.floridaearlylearning.com/OEL_Accountability.html)

The monitoring procedures performed included tests of details of transactions, file inspections and inquiries of the entity's personnel (1) to determine the status of recommendations from the prior period monitoring visit(s) and (2) to adequately support the current period findings and recommendations. Detailed information for these items is disclosed in the following sections of this report.

**1.0 – Preventive/ Corrective Action Plan (PCAP) Implementation**

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The current period monitoring procedures were performed to determine if the entity has implemented the required preventive and corrective actions as described in the approved Preventive/Corrective Action Plan (PCAP) from the most recently closed grant program year.

**No findings were noted in the prior period.**

**2.0 – Financial Management Systems**

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The current period monitoring procedures were performed to gain an understanding of the entity's financial and operational environments through review of policies and procedures, observation of processes, document inspection and interviews of entity personnel.

**No findings were noted in the current period.**

**Early Learning Coalition of Miami Dade and Monroe Counties, Inc. (ELC 31)****2012-13 Financial Monitoring Report**  
*Period Reviewed: January 1, 2012 through October 31, 2012****Schedule of Findings***

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**3.0 – Internal Control Environment**

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The current period monitoring procedures were performed to gain an understanding of the entity's internal control environment through testing of key internal controls and observation of entity operations to ensure compliance with Federal laws, regulations and grant program compliance requirements.

**No findings were noted in the current period.**

**4.0 – Cash Management**

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The current period monitoring procedures were performed to determine if sampled documentation demonstrated appropriate and sufficient cash management procedures are in place and being followed, including issues related to sources of other non-grant revenues.

**No findings were noted in the current period.**

**5.0 – FOEL's Statewide Information System Reconciliation and Reporting – N/A for 2012-13****6.0 – Prepaid Program Items**

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The current period monitoring procedures were performed to identify any prepaid program activity for this entity. If such activity was found, monitoring procedures were applied to determine if all prepaid program items were appropriately safeguarded, managed, tracked and reported.

**Based on results obtained from inquiries of and an inspection of data items provided by entity personnel the monitors noted no current year prepaid program item activity.**

**Early Learning Coalition of Miami Dade and Monroe Counties, Inc. (ELC 31)****2012-13 Financial Monitoring Report**  
*Period Reviewed: January 1, 2012 through October 31, 2012****Schedule of Findings***

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**7.0 – Cost Allocation and Disbursement Testing**

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The current period monitoring procedures were performed to determine if sampled disbursements were appropriately incurred and posted within the entity's financial records. Sampled items are tested for allowability, appropriate approval (including pre-approval from FOEL if needed), the period of availability for the grant monies used to fund disbursements, and appropriate allocation in accordance with applicable cost principles, grant program compliance requirements and guidance issued by FOEL.

**No findings were noted in the current period.**

**8.0 – Travel**

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The current period monitoring procedures were performed to determine if the entity's sampled travel-related expenditures are paid in accordance with applicable federal/state laws and rules, and entity-established policies.

**No findings were noted in the current period.**

**9.0 – Purchasing**

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The current period monitoring procedures were performed to determine if the sampled procurement transactions comply with the appropriate federal or state procurement laws, as well as the entity's procurement policies.

**No findings were noted in the current period.**

**10.0 – Contracting**

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The current period monitoring procedures were performed to determine if the sampled contract transactions demonstrate the entity's contracting processes comply with federal and state requirements, as well as the entity's own contracting policies.

**No findings were noted in the current period.**

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2012-13 Financial Monitoring Report  
*Period Reviewed: January 1, 2012 through October 31, 2012*

***Schedule of Findings***

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**11.0 – Subrecipient Monitoring**

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The current period monitoring procedures were performed to identify any subrecipient activity for this entity. If such activity was found, monitoring procedures were applied to determine if the entity's disclosure requirements and subrecipient monitoring activities comply with federal grant program requirements, state laws and the entity's own policies and procedures.

**Based on results obtained from inquiries of and an inspection of data items provided by entity personnel the monitors noted no current year subrecipient activity.**

**2012-13 Financial Monitoring Report**  
*Period Reviewed: January 1, 2012 through October 31, 2012*

***Schedule of Observations***

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**III. Schedule of Observations**

**1.0 Observations from 2012-13 Onsite Visit**

No observations were noted in the current monitoring period.

**2.0 Items for FOEL Follow-up**

The monitoring team noted no observations for FOEL follow-up.