The Florida Center
For Early Childhood, Inc.

FINANCIAL STATEMENTS

June 30, 2019 and 2018

Table of Contents

June 30, 2019 and 2018

REPORT

CRI CARR RIGGS & INGRAM
CPAs and Advisors

Carr, Riggs & Ingram, LLC
1001 3rd Avenue West
Suite 500
Bradenton, FL 34205

(941) 747-0500
(941) 746-0202 (fax)
CRIcpa.com

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
The Florida Center for Early Childhood, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of The Florida Center for Early Childhood, Inc. (a nonprofit organization), ("The Center"), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Florida Center for Early Childhood, Inc. as of June 30, 2019 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited The Florida Center for Early Childhood, Inc.'s 2018 financial statements, and our report dated February 25, 2019, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Emphasis of Matter

Adoption of New Accounting Pronouncement

As described in Note 1 to the financial statements, in the 2019 financial statements, The Florida Center for Early Childhood, Inc. adopted *Accounting Standards Update (ASU) 2016-14: Not-For-Profit Entities;* this new standard requires changes to be made in how net assets are classified based on donor restriction and has added multiple new disclosures. Our opinion is not modified with respect to this matter.

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* Part 200, *Uniform Administrative Requirements, Cost Principles,* and *Audit Requirements for Federal Awards,* 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 November 27, 2019, on our consideration of the Center'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 solely 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 effectiveness of the Center's 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 Center's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C

CARR, RIGGS & INGRAM, LLC

Bradenton, Florida
November 27, 2019

FINANCIAL STATEMENTS

The Florida Center For Early Childhood, Inc.
Statements of Financial Position

June 30,			**2019**	2018
Assets	Without Donor Restriction	With Donor Restriction	**Total**	Summarized Comparative Total
Current assets				
Cash	$ 344,962	$ 96,333	**$ 441,295**	$ 675,217
Investments	832,001	-	**832,001**	776,070
Receivables:				
Contracts and grants	672,742	-	**672,742**	451,200
Patient accounts receivable, net	101,474	-	**101,474**	52,873
Prepaid expenses	6,861	-	**6,861**	44,244
Total current assets	1,958,040	96,333	**2,054,373**	1,999,604
Other Assets				
Security deposit	3,186	-	**3,186**	3,186
Property and equipment, net	140,202	-	**140,202**	186,808
Total assets	$ 2,101,428	$ 96,333	**$ 2,197,761**	$ 2,189,598
Liabilities				
Current Liabilities				
Accounts payable	$ 84,906	$ -	**$ 84,906**	$ 144,012
Accrued payroll and benefits	310,949	-	**310,949**	244,122
Deferred revenue	77,793	-	**77,793**	84,474
Notes payable, current portion	4,127	-	**4,127**	9,869
Line of credit	156,000	-	**156,000**	178,000
Total current liabilities	633,775	-	**633,775**	660,477
Other Liabilities				
Notes payable, long term	13,056	-	**13,056**	36,362
Total liabilities	646,831	-	**646,831**	696,839
Net assets				
Without donor restirctions	1,454,597	-	**1,454,597**	1,489,259
With donor restrictions	-	96,333	**96,333**	3,500
Total net assets	1,454,597	96,333	**1,550,930**	1,492,759
Total liabilities and net assets	$ 2,101,428	$ 96,333	**$ 2,197,761**	$ 2,189,598

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

For the year ended June 30,			2019	2018
	Without Donor Restrictions	With Donor Restrictions	Total	Summarized Comparative Total
Revenues, gains and other support:				
Governmental contracts and grants				
Federal and State	$ 2,330,500	$ -	$ 2,330,500	$ 2,303,500
County and other	1,432,843	-	1,432,843	1,032,975
Private grants	669,779	160,500	830,279	573,326
Patient service revenue, net of contractual allowances and	1,095,707	-	1,095,707	775,779
Provision for uncollectible accounts	(9,055)	-	(9,055)	(24,014)
Patient service revenue, net	1,086,652		1,086,652	751,765
In-kind donations	612,768	-	612,768	669,456
YMCA - ECC	340,566		340,566	232,953
United Way	226,719	-	226,719	212,050
Contributions	88,526	-	88,526	116,003
Training Institute	50,400	-	50,400	25,598
Rental	99,042	-	99,042	98,810
Interest	1,176	-	1,176	2,577
Special events, net of expenses of $57,719	87,276	-	87,276	87,260
Investment return, net	55,931	-	55,931	82,084
Net assets released from restrictions	67,667	(67,667)	-	-
Total revenues, gains and other support	7,149,845	92,833	7,242,678	6,188,357
Expenses:				
Program services				
Healthy Families	2,449,189	-	2,449,189	2,416,048
Starfish Academy	1,001,637	-	1,001,637	922,997
Early Intervention Services	2,791,866	-	2,791,866	1,857,559
Fetal Alcohol Diagnosis Clinic	336,255	-	336,255	340,267
Supporting services				
Management and General	413,480	-	413,480	386,856
Development and Fundraising	192,080	-	192,080	155,261
Total expenses	7,184,507	-	7,184,507	6,078,988
Changes in net assets	(34,662)	92,833	58,171	109,369
Net assets, beginning of year	1,489,259	3,500	1,492,759	1,383,390
Net assets, end of year	$ 1,454,597	$ 96,333	$ 1,550,930	$ 1,492,759

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

The Florida Center For Early Childhood, Inc.
Statement of Functional Expenses

For the year ended June 30, 2019

	Program Services					Supporting Services			
	Healthy Families	Starfish Academy	Early Intervention Services	Fetal Alcohol Diagnosis Clinic	Total Program Services	Management and General	Development and Fundraising	Total Supporting Services	Total Expenses
Salaries	$ 1,401,231	$ 614,418	$ 1,785,623	$ 162,546	$ 3,963,818	$ 527,816	$ 129,443	$ 657,259	$ 4,621,077
Fringe benefits	193,476	74,354	185,910	16,284	470,024	32,311	470	32,781	502,805
Payroll taxes and fees	123,293	56,140	157,727	15,263	352,423	42,325	10,716	53,041	405,464
Total compensation and benefits	1,718,000	744,912	2,129,260	194,093	4,786,265	602,452	140,628	743,081	5,529,346
Equipment rental & maintenance	10,326	6,731	9,084	1,635	27,776	4,880	1,455	6,335	34,111
Insurance	-	-	-	-	-	63,627	-	63,627	63,627
Supplies	67,514	17,606	41,561	5,418	132,099	10,113	4,241	14,354	146,453
Facility	82,642	49,288	41,475	5,266	178,671	37,290	-	37,290	215,961
Professional services	-	140	2,655	59,495	62,290	57,873	880	58,753	121,043
Bank charges and fees	-	267	-	-	267	27,194	1,223	28,417	28,684
Telephone	38,169	7,267	23,047	1,111	69,594	7,276	1,572	8,848	78,442
Postage and shipping	472	319	696	1,476	2,963	2,616	904	3,520	6,483
Travel	113,622	627	36,181	7,117	157,547	19,296	1,475	20,771	178,318
Training and education	7,765	375	3,115	-	11,255	10,107	685	10,792	22,047
Client assistance	14,270	-	246	-	14,516	-	-	-	14,516
Dues, licenses and fees	10,982	7,735	41,724	3,791	64,232	2,701	4,659	7,360	71,592
Marketing and public relations	1,409	2,237	2,400	250	6,296	480	7,732	8,212	14,508
In-kind rent	126,483	126,600	129,720	22,320	405,123	184,560	3,600	188,160	593,283
In-kind donations	9,004	-	10,481	-	19,485	-	-	-	19,485
Depreciation	-	-	-	-	-	46,608	-	46,608	46,608
Total other expenses	482,658	219,192	342,385	107,879	1,152,114	474,621	28,426	503,047	1,655,161
Administration allocation	199,422	23,435	241,122	26,195	490,174	(511,940)	21,766	(490,174)	-
Total expenses	$ 2,400,080	$ 987,539	$ 2,712,767	$ 328,167	$ 6,428,553	$ 565,133	$ 190,820	$ 755,954	$ 7,184,507

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

The Florida Center For Early Childhood, Inc.
Statement of Functional Expenses

For the year ended June 30, 2018

	Program Services					Supporting Services			
	Healthy Families	Starfish Academy	Early Intervention Services	Fetal Alcohol Diagnosis Clinic	Total Program Services	Management and General	Development and Fundraising	Total Supporting Services	Total Expenses
Salaries	$ 1,334,062	$ 511,853	$ 1,107,869	$ 188,654	$ 3,142,438	$ 385,337	$ 117,410	$ 502,747	$ 3,645,185
Fringe benefits	181,435	62,963	108,511	17,452	370,361	22,549	9,419	31,968	402,329
Payroll taxes and fees	129,477	49,706	105,113	18,887	303,183	26,462	9,461	35,923	339,106
Total compensation and benefits	1,644,974	624,522	1,321,493	224,993	3,815,982	434,348	136,290	570,638	4,386,620
Equipment rental & maintenance	24,073	5,733	10,030	3,618	43,454	23,055	1,617	24,672	68,126
Insurance	25,698	12,212	14,134	6,425	58,469	5,416	1,285	6,701	65,170
Supplies	60,157	7,728	15,289	12,320	95,494	28,204	2,121	30,325	125,819
Facility	83,788	47,678	46,145	5,970	183,581	31,780	-	31,780	215,361
Professional services	12,632	5,490	27,683	32,960	78,765	44,543	697	45,240	124,005
Bank charges and fees	-	-	544	-	544	20,903	1,946	22,849	23,393
Telephone	34,866	7,292	17,053	1,280	60,491	6,833	1,428	8,261	68,752
Postage and shipping	1,100	703	1,268	1,748	4,819	2,516	677	3,193	8,012
Travel	125,975	1,491	27,570	2,953	157,989	16,904	908	17,812	175,801
Training and education	6,630	1,417	21,064	555	29,666	4,324	96	4,420	34,086
Client assistance	17,812	-	501	-	18,313	2,100	-	2,100	20,413
Dues, licenses and fees	11,062	6,738	33,503	2,231	53,534	1,948	4,579	6,527	60,061
Marketing and public relations	-	-	-	-	-	4,119	17	4,136	4,136
In-kind rent	126,083	126,600	129,720	22,320	404,723	184,560	3,600	188,160	592,883
In-kind donations	7,500	-	23,693	-	31,193	29,450	-	29,450	60,643
Depreciation	-	-	-	-	-	45,707	-	45,707	45,707
Total other expenses	537,376	223,082	368,197	92,380	1,221,035	452,362	18,971	471,333	1,692,368
Administration allocation	233,698	75,393	167,869	22,894	499,854	(499,854)	-	(499,854)	-
Total expenses	$ 2,416,048	$ 922,997	$ 1,857,559	$ 340,267	$ 5,536,871	$ 386,856	$ 155,261	$ 542,117	$ 6,078,988

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

Statements of Cash Flows

For the years ended June 30,		**2019**		2018
Cash flows from operating activities:				
Change in net assets	**$**	**58,171**	$	109,369
Adjustment to reconcile change in net assets to net cash (used) provided by operations:				
Depreciation		**46,606**		45,707
Bad debt expense		**9,055**		24,014
Unrealized loss (gain) on investments		**(26,327)**		(66,095)
Changes in operating assets and liabilities:				
(Increase) in contracts and grants receivable		**(221,542)**		(125,654)
(Increase) decrease in patient accounts receivable		**(57,656)**		21,035
(Increase) in prepaid expense		**37,383**		(4,295)
Increase in accounts payable		**(59,106)**		61,455
Increase in accrued payroll and benefits		**66,827**		31,960
(Decrease) in deferred revenue		**(6,681)**		(4,713)
Cash flow (used) provided by operating activities		**(153,270)**		92,783
Cash flows from investing activities:				
Purchase of investments		**(29,604)**		(15,988)
Purchase of property and equipment		**-**		(79,365)
Cash flow used by investing activities		**(29,604)**		(95,353)
Cash flows from financing activities:				
Proceeds on notes payable		**-**		54,127
Payments on notes payable		**(29,048)**		(7,896)
Net payments on line of credit		**(22,000)**		(22,000)
Cash flow (used) provided by financing activities		**(51,048)**		24,231
Net (decrease) increase in cash		**(233,922)**		21,661
Cash, beginning		**675,217**		653,556
Cash, ending	**$**	**441,295**	$	675,217
Supplemental cash flow disclosures:				
Cash paid for interest	$	12,805	$	11,889

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

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization - The Florida Center for Early Childhood, Inc. ("the Center") is a not-for-profit corporation located in Sarasota, Florida. It was incorporated on June 22, 1979 for the purpose of providing mental health and developmental therapy to at-risk infants and children from the age of zero to nine. The Center also provides professional evaluation, therapy, counseling, education, diagnostic, advocacy, and consultation services for children, adolescents and adults.

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Basis of Accounting and Presentation - The accompanying financial statements have been prepared on the accrual basis of accounting and in accordance with generally accepted accounting principles of the United States of America (GAAP).

Net assets and revenue, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Center and changes therein are classified and reported as follows:

Net Assets Without Donor Restriction: Include net assets that are not subject to donor-imposed stipulations and net assets that have been designated for a specific purpose by the Board of Directors.

Net Assets With Donor Restrictions: Include gifts for which donor-imposed restrictions due to time or purpose have not yet been met and gifts that require, by donor restriction, that the corpus be invested in perpetuity and only the income be made available for program operations in accordance with donor restrictions.

Summarized Comparative Information - The financial statements include certain prior year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Center's financial statements for the year ended June 30, 2018, from which the summarized information was derived.

Concentration of Risk - The Center maintains its cash balances at financial institutions located in Sarasota, Florida. Accounts at each financial institution are secured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per customer. From time to time, the balances exceed the FDIC insured limits.

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Property and Equipment - Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as without donor restriction support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as with donor restriction support. Absent donor stipulations regarding how long those donated assets must be maintained, the Center reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Center reclassifies with donor restriction net assets to without donor restriction net assets at that time.

Property and Equipment - Property and equipment are recorded at cost or, if donated, at the fair market value at the date of the donation. The Center capitalizes purchases over $1,000 and depreciation is computed using the straight-line method over the estimated useful lives of the assets. Repairs that do not significantly extend the life of capitalized assets are expensed as incurred.

The estimated useful lives are as follows:

Furniture, fixtures, and equipment	3 - 15 years
Computers and software	3 years
Vehicles	3 years
Leasehold improvements	25 years

Donated Services - Donated services are recognized as contributions in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Subtopic 958-605, *Not-for-Profit Entities Revenue Recognition.* Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donations, are recorded at their fair values in the period received. The Center uses skilled volunteers that do billable skilled work under the supervision of a Licensed Mental Health Counselor ("LMHC") as part of earning their accreditation and certificate as a LMHC. During the 2019 and 2018 fiscal years, there were approximately 700 and 1,560 hours of skilled volunteer hours donated to the Center totaling $10,481 and $23,393 in donated services, respectively.

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Tax Status – The Center has received a letter of determination from the Internal Revenue Service advising that it qualifies as a not-for-profit corporation under Section 501(c)(3) other than a private foundation of the Internal Revenue code.

Management has evaluated the effect of accounting standards relating to accounting for uncertainty in income taxes. Management has determined that the Center had no uncertain income tax positions that could have a significant effect on the financial statements for the years ended June 30, 2019 and 2018.

Contributions - All contributions are considered to be available for use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as contributions with donor restrictions and increases that net asset class. When a restriction expires, the amount is reclassified from net assets with donor restriction to net assets without donor restriction and reported in the statement of activities as net assets released from restrictions. Contributions with donor restrictions whose restrictions are met in the same reporting period are reported as contributions without donor restrictions.

Patient Receivables – Patient receivables consist of amounts due from patients, Medicaid, and third-party insurance carriers arising from program services provided in the ordinary course of business. The Center grants credit without collateral to its patients, most of who are local residents and are insured under third-party payer agreements. Two health plans had a balance in excess of 10% of the total patient receivables, and comprised 51% of the Center's patient receivables as of June 30, 2019. Two health plans, each with balances in excess of 10% of total patient receivables, comprised 55% of the Center's patient receivables as of June 30, 2018.

The allowance for uncollectible accounts is management's best estimate of the amount of probable losses in patient receivables and is based on a number of factors, including payer collections and adjustments history and review of past due balances, with particular emphasis on past due accounts greater than 90 days old and individual patient self-pay balances. Account balances are written off against the allowance after all means of collection have been exhausted and the likelihood of potential recovery is considered remote. Patient receivables are included in the accompanying statements of financial position net of the allowance for uncollectible accounts, which includes estimated allowances for contractual adjustments and uncollectible accounts, of $14,000 and $4,945 at June 30, 2019 and 2018, respectively.

Contract and Grant Receivables - Contract and grant receivables consist of amounts due from Ounce of Prevention, Florida Department of Health, Sarasota County, Sarasota YMCA, and other fee for service contract arising from program services provided in the ordinary course of business. Management has determined these receivables are collectable and an allowance for doubtful accounts is not considered necessary for the years ended June 30, 2019 and 2018.

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

Federal, State and Local Program Funds

Grant funds for reimbursement type grants are deemed to be earned and reported as revenue when expenditures are incurred in compliance with specific grant requirements. Funds paid in advance are recorded as deferred revenue in the statements of financial position until the revenue is earned and recognized.

Grant funds for units of service type grants are deemed to be earned and reported as revenue when a unit of service is provided in compliance with the specific grant requirements.

Patient and Third-Party Fees, Net

Net patient and third-party fees are reported at the estimated net realizable amounts due from patients, third-party payers and others for services rendered. Net patient and third-party fees are recognized as services are provided. The Center derives a significant portion of its revenue from certain Medicaid Managed Care health plans operating under the State's Medicaid program. There were two health plans in 2019 and 2018, that had revenue in excess of 10% of gross patient and third-party fees, comprising 48% and 35% of the Center's gross patient and third-party fees for the years ended June 30, 2019 and 2018, respectively.

The Center bills patients without third-party insurance on a sliding scale of 0% to 100% of standard charges, based on the patient's ability to pay. Charges foregone due to a patient's inability to pay are not recognized as revenue. A portion of the cost of serving uninsured patients with no ability to pay is funded under the Centers' contracts with its funding agencies (see contract and grant receivables).

The Center has agreements with third-party payers that provide for payments at amounts different from its established rates. Medicaid and other governmental programs reimburse providers based on fee schedules, which are determined by the related government agency. The Center also has agreements with managed care and other organizations to provide services based on negotiated fee schedules. Accordingly, the revenues reported in the Centers' financial statements are recorded at the amount that is expected to be received.

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Center must estimate the total amount of contractual discounts from established charges to prepare its financial statements. The Medicaid regulations and various managed care contracts under which these discounts must be calculated are complex and subject to interpretation and adjustment. The Center estimates the allowance for contractual discounts on a payer class basis using its interpretation of the applicable regulations or contract terms. These interpretations sometimes result in payments that differ from initial estimates. Additionally, updated regulations and contract renegotiations occur frequently, necessitating regular review and assessment of the estimation process by management.

Adjustments to revenue related to changes in prior period estimates of contractual adjustments and uncollectible accounts decreased net patient and third-party fees for the year ended June 30, 2019 and 2018 by approximately $ 9,055 and $24,014, respectively.

Functional Allocation of Expenses - The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited. For expenses that are attributable to one or more supporting services category, management allocates the related expenses based on square footage or time and effort.

Adoption of new accounting pronouncement

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities.* The Center has adjusted the presentation of its financial statements accordingly, applying the changes retrospectively to the comparative period presented.

The new standard changes the following aspects of the Center's financial statements:

- The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions.
- The unrestricted net asset class has been renamed net assets without donor restrictions.
- The footnotes no longer require components of investment income to be disclosed.
- The financial statements include a new disclosure about liquidity and availability of resources (Note 14).
- The financial statements include a new disclosure related to functional allocation of expenses.

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Adoption of new accounting pronouncement – (continued)

The changes have the following effect on net assets at June 30, 2018:

Net Asset Class	As Originally Presented	After Adoption of ASU 2016-14
Unrestricted net assets	$ 1,489,259	$ -
Temporarily restricted net assets	3,500	-
Net assets without donor restrictions	-	1,489,259
Net assets with donor restrictions	-	3,500
Total net assets	$ 1,492,759	$ 1,492,759

As such, the Center will adopt the new guidance effective July 1, 2019, and is currently evaluating the potential impact of this guidance.

Recently Issued Accounting Standards

In May 2014, FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. ASU 2014-09 supersedes existing revenue recognition standards with a single model unless those contracts are within the scope of other standards. The revenue recognition principle in ASU 2014-09 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Companies can adopt the new standard either using the full retrospective approach, a modified retrospective approach with practical expedients, or a cumulative effect upon adoption approach. In August 2015, the FASB issued ASU 2015-14, *Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date*, which deferred the effective dates of ASU 2014-09 by one year. As such, the Center will adopt the new guidance effective July 1, 2020, and is currently evaluating the potential impact of this guidance.

In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made.* ASU 2018-08 requires that an entity determine whether a contribution is conditional on the basis of whether an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets. After a contribution has been deemed unconditional, an entity would then consider whether the contribution is restricted on the basis of the current definition of the term donor-imposed restriction, which includes a consideration of how broad or narrow the purpose of the agreement is, and whether the resources are available for use only after a specified date. The amendments in ASU 2018-08 are effective on fiscal years beginning after December 15, 2019.

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Accounting Standards – (continued)

In February 2016, the FASB issued ASU 2016 02, *Leases* (Topic 842), which requires a lessee to recognize a right-of-use asset and a lease liability for operating leases, initially measured at the present value of the lease payments in its balance sheet. This standard also requires a lessee to recognize a single lease cost, calculated so that the cost of the lease is allocated over the lease term, on a generally straight-line basis. This guidance is effective for the Center beginning January 1, 2020. Early adoption is permitted. The adoption of this guidance is not expected to have a material effect on the Center's operating results or cash flows. The Center is evaluating the impact of adopting ASU 2016-02 on it's financial position and will base the evaluation on leases outstanding at the time of adoption.

NOTE 2: PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

June 30,	**2019**	2018
Furniture, fixtures, and equipment	**$ 1,042,527**	$ 1,042,527
Computers and software	**218,352**	218,352
Vehicles	**57,701**	57,701
Leasehold improvements	**226,912**	226,912
Total property and equipment	**1,545,492**	1,545,492
Less: accumulated depreciation	**(1,405,290)**	(1,358,684)
Net property and equipment	**$ 140,202**	$ 186,808

NOTE 3: INVESTMENTS

The components of investments at June 30, 2019 and 2018 are summarized as follows:

June 30, 2019	Cost	Fair Value	Accumulated Unrealized Gain (Loss)
Common stock	$ 595,745	$ 646,165	$ 50,420
Corporate bonds-fixed	77,324	76,162	(1,162)
Money market account	109,674	109,674	-
Total	$ 782,743	$ 832,001	$ 49,258

June 30, 2018	Cost	Fair Value	Accumulated Unrealized Gain (Loss)
Common stock	$ 596,337	$ 602,994	$ 6,657
Corporate bonds-fixed	77,338	74,146	(3,192)
Money market account	98,930	98,930	-
Total	$ 772,605	$ 776,070	$ 3,465

The net investment returns for 2019 and 2018 fiscal years were $55,931, and $82,084, respectively.

NOTE 4: FAIR VALUE MEASUREMENT

The financial statements are prepared in accordance with ASC 820, *Fair Value Measurements*, for all financial assets and liabilities and for nonfinancial assets and liabilities recognized or disclosed at fair value in the financial statements or on a recurring basis (at least annually). ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The standard also establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. ASC 820 describes three levels of inputs that may be used to measure fair value as follows:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Valuations derived for similar assets in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Unobservable inputs that are not corroborated by market data

NOTE 4: FAIR VALUE MEASUREMENT (Continued)

The following is a description of valuation methodologies used for assets and liabilities measured at fair value. There have been no changes in the methodology used at June 30, 2019 and 2018.

Common stock: Comprised of common stock valued at the closing price reported in the active market in which the individual securities are traded.

Corporate bonds: Comprised of units/share held in corporate bonds. Each unit is invested in an allocation of actively traded financial instrument that are priced on a daily basis. There are no unfunded commitments within the funds and in addition there are no significant restrictions on the Center's ability to sell the investments.

Money market account: Comprised of money markets which are valued at the closing price reported in the active market in which the assets are held at year end.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Center's assets and liabilities valued on a recurring basis as of June 30, 2019 and 2018:

Description	June 30, 2019	Quoted Prices in Active markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Common stock	$ 646,165	$ 646,165	$ -	$ -
Corporate bonds - fixed	76,162	76,162	-	-
Money market funds	109,674	109,674	-	-
Total financial assets at fair value	$ 832,001	$ 832,001	$ -	$ -

Description	June 30, 2018	Quoted Prices in Active markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Common stock	$ 602,994	$ 602,994	$ -	$ -
Corporate bonds - fixed	74,146	74,146	-	-
Money market funds	98,930	98,930	-	-
Total financial assets at fair value	$ 776,070	$ 776,070	$ -	$ -

NOTE 4: FAIR VALUE MEASUREMENT (Continued)

Changes in Fair Value Levels

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require transfer of financial instruments from one fair value to another. In such instances, the transfer is reported at the beginning of the reporting period. There were no such transfers in the current year.

NOTE 5: PATIENT ACCOUNTS RECEIVABLE

The Center grants credit without collateral to its patients, most of who are local residents and are insured under third-party payer agreements. The mix of receivables from patients and third-party payers as of the years ended June 30, 2019 and 2018, are as follows:

	Percent	
Payor	2019	2018
Medicaid	71%	82%
Commercial	25%	11%
Patients	4%	7%
	100%	100%

NOTE 6: PATIENT SERVICE REVENUE

Patient service revenue, net of contractual allowances and discounts (before the provision for uncollectible accounts) is recognized for the years ended June 30, 2019 and 2018, respectively, as follows:

For the year ended June 30,	2019	2018
Medicaid	$ 758,312	$ 495,449
Commercial	40,648	7,450
Private pay	273,193	242,636
Early Steps	23,554	30,244
	$ 1,095,707	$ 775,779

NOTE 7: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes.

For the year ended June 30,	2019	2018
Annual Winter Gala	$ 5,500	$ 3,500
Starfish Academy Program activities	87,500	-
Early Intervention Services Program activities	3,333	-
	$ 96,333	$ 3,500

NOTE 8: IN-KIND DONATIONS

The Center has annually renewable leases of $1 per year for its north Sarasota and North Port locations that provide for administrative and service facilities. In addition, the Charlotte County School Board provides space in two schools and is recorded at fair market value of the leased space. The value of the leases for the years ended June 30, 2019 and 2018 are $593,283 and $592,883, respectively, and are a portion of in-kind donations that is recognized in the statement of activities.

NOTE 9: RETIREMENT PLAN

The Center provides a contributory tax-deferred annuity plan for its employees. After one year of employment, the Center will match up to 5% of the employee's contributions to their retirement plans. Retirement expense was $89,359 and $75,282 for the years ended June 30, 2019 and 2018, respectively.

NOTE 10: WINDSTORM INSURANCE CONTINGENCY

The Center's current windstorm insurance policy contains a 5% deductible clause for named hurricanes and other wind damage. Based on the $5,429,144 insured valuation of the five buildings, approximately $271,456 would be the responsibility of the Center for a named hurricane and other wind/hail damage.

NOTE 11: NOTES PAYABLE

The Center signed a 48-month, $32,000 auto loan on January 3, 2018 (Loan A). The monthly loan payment was $707 per month and carried an interest rate of 4.52%. The Center paid off Loan A in July 2018. The Center also signed a 60-month, $22,127 auto loan on March 23, 2018 (Loan B). The monthly loan payment is $462 per month and carries an annual interest rate of 9.24%. The current portion of principal payments is $4,127. The collateral on the auto loan B is the underlying vehicle that has a net book value of $15,212.

The table below shows the Center's future commitments for future periods.

	Annual Commitments				
Future periods	2020	2021	2022	2023	Total
Total	$ 4,127	$ 4,525	$ 4,961	$ 3,570	$ 17,183

NOTE 12: LINE OF CREDIT

The Center has a revolving line of credit with a local financial institution. Terms call for interest only payable monthly with a maturity date of February 6, 2020. Interest accrues at one half percent above Prime Rate, and was 6.5% and 6.0% as of June 30, 2019 and 2018, respectively. Collateral for the line of credit is a depository account with a balance of $366,827 and $192,929 at June 30, 2019 and 2018, respectively. As of June 30, 2019 and 2018, there was $156,000 and $178,000 drawn on the line of credit, respectively.

NOTE 13: COMMITMENTS AND CONTINGENCIES

Based on the nature of the Center’s business, the Center is subject to regulatory and monitoring reviews or other investigations by various state insurance and health care regulatory authorities and other state and federal regulatory authorities. These authorities regularly scrutinize the business practices of health care companies and their reviews focus on numerous facets of the Centers’ business, including claims payment practices, physician credentialing, competitive practices, privacy issues and utilization management practices, among others. Such reviews could result in future assessments of fines and/or sanctions that may be material to the financial statements. The Center did not incur fines and/or sanctions related to these reviews during the years ended June 30, 2019 and 2018.

NOTE 13: COMMITMENTS AND CONTINGENCIES (Continued)

Professional and General Liability
The Center is subject to claims and legal actions in the ordinary course of business, including claims relating to patient treatment, employment practices and personal injuries. To cover these types of claims, the Center maintains general and professional liability insurance on a claims-made basis through commercial insurance carriers in amounts that the Center believes to be sufficient for its operations. It is at least reasonably possibly that some claims may exceed the scope of coverage in effect.

Laws and Regulations
The healthcare industry is subject to numerous laws and regulations of federal, state, and local governments. Compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time. These laws and regulations include, but are not limited to accreditation, licensure, and government healthcare program participation requirements, reimbursement for patient services, and Medicaid fraud and abuse.

In recent years, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers. To ensure accurate payments to providers, the Tax Relief and Healthcare Act of 2006 mandated the Centers for Medicare & Medicaid Services (CMS) to implement a Recovery Audit Contractor (RAC) program on a permanent and nationwide basis no later than 2010. The program uses RACs to search for potentially improper Medicare/Medicaid payments that may have been made to health care providers that were not dated through existing CMS program integrity efforts, on payments that have occurred at least one year ago but not longer than three years ago. Once a RAC identifies a claim it believes to be improper, it makes a deduction from the provider’s Medicaid reimbursement in an amount estimated to equal the overpayment.

The Center will deduct from revenue any amounts assessed under the RAC audits at the time a notice is received until such time that estimates of net amounts due can be reasonably estimated. RAC assessments are possible; however, the outcome of such assessments is unknown and cannot be reasonably estimated.

Violations of these laws and regulations could result in exclusion from government healthcare program participation, together with the imposition of significant fines and penalties, as well as significant repayment for past reimbursement for patient services received. While the Center is subject to similar regulatory reviews, management believes the outcome of any such regulatory review will not have a material adverse effect on the Center’s financial position.

NOTE 14: LIQUIDITY

The Center has $1,951,179 of financial assets available within one year of the statement of financial position date consisting of cash of $344,962, investments of $832,001, and accounts receivable of $774,216. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the statement of financial position date. The current liabilities are reported as $633,775, $156,000 of which is in a Line of Credit that expires in February 2020. The Center is considering refinancing the Line of Credit when it comes to term. There are adequate amounts of current assets to cover the current obligations. Management closely monitors cash flow and strives to stay within the board approved budget.

NOTE 15: SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 27, 2019, which is the date the financial statements were available to be issued.

CRI CARR RIGGS & INGRAM
CPAs and Advisors

Carr, Riggs & Ingram, LLC
1001 3rd Avenue West
Suite 500
Bradenton, FL 34205

(941) 747-0500
(941) 746-0202 (fax)
CRIcpa.com

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*

Board of Directors
The Florida Center for Early Childhood, Inc.
Sarasota, Florida

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 Florida Center for Early Childhood, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, 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 November 27, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered The Florida Center for Early Childhood, Inc.'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 Florida Center for Early Childhood, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of The Florida Center for Early Childhood, Inc.'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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Florida Center for Early Childhood, Inc.'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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Carr, Riggs & Ingram, L.L.C

CARR, RIGGS & INGRAM, LLC

Bradenton, Florida
November 27, 2019

Carr, Riggs & Ingram, LLC
1001 3rd Avenue West
Suite 500
Bradenton, FL 34205

(941) 747-0500
(941) 746-0202 (fax)
CRIcpa.com

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH UNIFORM GUIDANCE

Board of Directors
The Florida Center for Early Childhood, Inc.
Sarasota, Florida

Report on Compliance for Each Major Federal Program

We have audited The Florida Center for Early Childhood, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of The Florida Center for Early Childhood, Inc.'s major federal programs for the year ended June 30, 2019. The Florida Center for Early Childhood, Inc.'s major federal programs 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 federal statutes, regulations, and the terms and conditions of federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of The Florida Center for Early Childhood, Inc.'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). Those standards and the Uniform Guidance 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 occurred. An audit includes examining, on a test basis, evidence about The Florida Center for Early Childhood, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of The Florida Center for Early Childhood, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, The Florida Center for Early Childhood, Inc. 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 for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of The Florida Center for Early Childhood, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered The Florida Center for Early Childhood, Inc.'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, 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 Florida Center for Early Childhood, Inc.'s internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program 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 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. Accordingly, this report is not suitable for any other purpose.

Carr, Riggs & Ingram, L.L.C

CARR, RIGGS & INGRAM, LLC

Bradenton, Florida
November 27, 2019

The Florida Center For Early Childhood, Inc.
Schedule of Expenditures of Federal Awards and State Financial Assistance

June 30, 2019

Federal/State Grantor/Pass Through Grantor/ Program Title	Federal CFDA/State CSFA Number	Contract/Grant Number	Federal/State Expenditures	Transfers to Subrecipients
U.S. Department of Health and Human Services				
Passed through State of Florida, Department of Children and Family:				
Passed through Ounce of Prevention Fund of Florida, Inc.:				
Promoting Safe and Stable Families	93.556	15-20-06	$ 107,651	-
TANF Cluster:				
Temporary Assistance for Needy Families Block Grant	93.558	15-20-06	692,228	-
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 799,879	-
State of Florida, Department of Health:				
Direct:				
Fetal Alcohol Spectrum Disorder Program	64.066		$ 280,000	-
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE			$ 280,000	-
TOTAL EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE			$ 1,079,879	-

The Florida Department of Children and Families and Ounce of Prevention provide the following state matching dollars not included in the above schedule:

Grantor/Pass Through Grantor/ Program Title	CFDA/CSFA Number	Contract Number	Expenditures	Transfers to Subrecipients
Passed through Florida Department of Children and Families and Ounce of Prevention	NA	15-20-06	$ 35,884	-
Passed through Florida Department of Children and Families and Ounce of Prevention	NA	15-20-06	1,214,737	-
Total expenditures of state matching dollars			$ 1,250,621	-

The accompanying notes to the SEFA are an integral part of this schedule.

NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards and state financial assistance includes the federal and state grant activity of The Florida Center for Early Childhood, Inc. (the "Center") and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The Center has elected to not use the 10% de Minimis Indirect Cost Rate.

The Centers' federal awards do not include loans or loan guarantees.

The Center did not receive any federal non-cash assistance for the fiscal year ended June 30, 2019.

NOTE 3: MATCH

The Center's contract includes state match for a total of $1,250,621. The allocation of state and federal funding to the program is determined by the Department of Children and Families.

Also as required in the contract, the Center must obtain other contributions in cash or in-kind services totaling $385,744.

NOTE 4: CONTINIGENCIES

Grant monies received and disbursed by the Florida Center for Early Childhood are for specific purposes and are subject to review by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Based upon prior experience, the Center does not believe that such disallowance, if any, would have a material effect on the financial position of the Center. As of November 27, 2019, there were no material questioned or disallowed costs as a result of grant audits in process or completed.

SECTION I – SUMMARY OF AUDITORS' RESULTS

Financial Statements:

1. Type of auditor's report issued:	Unmodified
2. Internal control over financial reporting:	
a. Material weakness(es) identified?	None
b. Significant deficiencies identified not considered to be material weaknesses?	None noted
c. Noncompliance material to financial statements noted?	None

Federal Awards:

1. Type of auditors' report issued on compliance for major programs	Unmodified
2. Internal control over major programs:	
a. Material weaknesses identified?	None
b. Significant deficiencies identified not considered to be material weaknesses?	None noted
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	None
4. Identification of major program:	

CFDA Number	Name of Program
93.558	TANF Cluster: Temporary Assistance for Needy Families Block Grant

5. Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
6. Auditee qualified as low-risk auditee under 2 CFR 200.520	No

SECTION II – FINANCIAL STATEMENT FINDINGS

None noted

SECTION III – FEDERAL AWARD FINDINGS

None noted

SECTION IV – SUMMARY OF PRIOR YEAR AUDIT FINDINGS

2018-001 Internal control of the reporting compliance requirement (SD)

Condition: During our testing of the internal controls over the quarterly narrative (performance) reports (for all three programs) we noted that although the reports are prepared and submitted timely, they are not reviewed by management.

Auditor Recommendations: We recommend that a process be put in place whereby all quarterly narrative reports (for all three programs) are reviewed for accuracy and consistency prior to being submitted.

Current Status: Policies and procedures were implemented in the current year effective March 31, 2019. The COO is reviewing the quarterly narrative reports before they are submitted.