

**EARLY LEARNING COALITION OF
PINELLAS COUNTY, INC.**

Financial Statements

**Reports as Required by the Comptroller General of the United States,
OMB Circular A-133 and Chapter 10.650, Rules of the Auditor General
For the Years Ended June 30, 2010 and 2009**

EARLY LEARNING COALITION OF PINELLAS COUNTY, INC.

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Report of Independent Certified Public Accountants

Board of Directors
Early Learning Coalition of Pinellas County, Inc.

We have audited the accompanying statements of financial position of the Early Learning Coalition of Pinellas County, Inc. (the "Coalition") as of June 30, 2010 and 2009 and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Coalition'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 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 Coalition at June 30, 2010 and 2009, 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 a report dated January 10, 2011 on our consideration of the Coalition'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 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 audits.

Our audits were made for the purpose of forming an opinion on the financial statements of the Coalition taken as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for the 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 financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects, in relation to the financial statements taken as a whole.

Cherry, Bekaert & Holland, L.L.P.

Tampa, Florida
January 10, 2011

EARLY LEARNING COALITION OF PINELLAS COUNTY, INC.

**Statements of Financial Position
June 30, 2010 and 2009**

Assets	2010	2009
Cash	\$ 265,483	\$ 249,922
Grants receivable	3,545,285	4,033,088
Prepaid expenses	5,663	-
Equipment and computers, net of accumulated depreciation of \$109,476 and \$94,525 for 2010 and 2009, respectively	<u>64,342</u>	<u>28,851</u>
Total assets	<u>\$ 3,880,773</u>	<u>\$ 4,311,861</u>
 Liabilities and Net Assets		
Accounts payable	\$ 3,361,612	\$ 3,853,858
Accrued liabilities	115,183	100,812
Deferred revenue	<u>17,865</u>	<u>4,378</u>
Total liabilities	3,494,660	3,959,048
Net assets - unrestricted	<u>386,113</u>	<u>352,813</u>
Total liabilities and net assets	<u>\$ 3,880,773</u>	<u>\$ 4,311,861</u>

See accompanying notes to financial statements.

EARLY LEARNING COALITION OF PINELLAS COUNTY, INC.

**Statements of Activities
Years Ended June 30, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
Revenues:		
Grants	\$ 49,216,704	\$ 49,057,536
Other income	45,643	102,016
	<hr/>	<hr/>
Total revenues	49,262,347	49,159,552
	<hr/>	<hr/>
Expenses:		
Program services:		
School Readiness	33,822,225	33,041,886
Voluntary PreKindergarten	14,239,974	15,049,381
Other program expenses	215,738	212,620
Total program services	<hr/> 48,277,937	<hr/> 48,303,887
General and administrative:		
Salaries and fringe benefits	500,771	467,201
Professional fees	163,032	194,550
Rent	90,958	63,588
Office supplies	32,697	12,820
Travel and conferences	20,321	18,995
Telephone	24,366	19,354
Printing and postage	27,230	16,824
Advertising	79	1,520
Insurance	6,423	7,823
Utilities	12,839	7,266
Small equipment and repairs	34,375	28,057
Depreciation	14,951	13,778
Other expenses	23,068	8,715
Total general and administrative	<hr/> 951,110	<hr/> 860,491
Total expenses	49,229,047	49,164,378
	<hr/>	<hr/>
Increase (decrease) in net assets	33,300	(4,826)
Net assets at beginning of year	352,813	357,639
	<hr/>	<hr/>
Net assets at end of year	\$ 386,113	\$ 352,813
	<hr/> <hr/>	<hr/> <hr/>

See accompanying notes to financial statements.

EARLY LEARNING COALITION OF PINELLAS COUNTY, INC.

Statements of Cash Flows
Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities		
Change in net assets	\$ 33,300	\$ (4,826)
Adjustments to reconcile (decrease) increase in net assets to net cash flows from operating activities:		
Depreciation	14,951	13,778
(Increase) decrease in:		
Accounts receivable	487,803	(187,296)
Prepaid expenses	(5,663)	3,698
Increase (decrease) in:		
Accounts payable	(492,246)	388,275
Interest payable	-	(5,622)
Accrued liabilities	14,371	(36,012)
Deferred revenue	13,487	24,061
Net cash provided by operating activities	<u>66,003</u>	<u>196,056</u>
Cash flows from investing activities:		
Purchases of equipment	<u>(50,442)</u>	<u>(12,694)</u>
Net cash used in investing activities	<u>(50,442)</u>	<u>(12,694)</u>
Net increase in cash	15,561	183,362
Cash at beginning of year	<u>249,922</u>	<u>66,560</u>
Cash at end of year	<u>\$ 265,483</u>	<u>\$ 249,922</u>

See accompanying notes to financial statements.

EARLY LEARNING COALITION OF PINELLAS COUNTY, INC.

Notes to Financial Statements Years Ended June 30, 2010 and 2009

Note 1 – Nature of Activities and Summary of Significant Accounting Policies

Nature of Operations - The Early Learning Coalition of Pinellas County, Inc. (the "Coalition") is a Florida not-for-profit corporation which began operations July 1, 2001. It is responsible for the development, implementation and administrative oversight of publicly funded school readiness programs and voluntary pre-kindergarten programs in Pinellas County. The Coalition's mission is to facilitate an efficient, comprehensive, high quality system of school readiness services, to include early care and educational, social, cognitive, and physical development of all children through collaboration with the community, early care providers and families.

The Coalition contracts with Pinellas County Schools to provide the Florida First Start program. Florida First Start is a home visitation program designed to give children at risk of school failure the best possible start in life and to support parents in their role as their children's first teachers.

The Coalition contracts with Coordinated Child Care of Pinellas, Inc., a private, not-for-profit corporation, to assist eligible children and families access to subsidized school readiness/child care services and voluntary pre-kindergarten services.

The Coalition contracts with the Pinellas County Health Department for hearing and vision screening programs for all children who participate in the School Readiness program.

Basis of Presentation - The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, are classified based on the existence or absence of donor imposed restrictions. The Coalition did not receive any funds with donor imposed restrictions; therefore net assets of the Coalition and changes therein are classified and reported as unrestricted net assets.

Equipment and Computers - Equipment and computers are carried at cost if purchased, or at estimated market value of receipt if acquired by gift. The Coalition capitalizes expenditures in excess of \$1,000 and an estimated useful life greater than one year. Depreciation is calculated using the straight-line method over the estimated useful lives of the respective assets. Property acquired with governmental funds is considered to be owned by the Coalition while used in the program for which it was purchased or in future authorized programs; however, its disposition and the ownership of any proceeds are subject to applicable regulations.

Revenue Recognition - Grant funds are deemed to be earned and reported as revenues when expenditures are incurred in compliance with specific grant requirements (reimbursable expenditures).

Income Tax - The Coalition is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly no provision for income taxes has been made.

The coalition has evaluated the effect of the current accounting standards guidance on *Accounting for Uncertainties in Income Taxes* that became effective this year. Management believes that the Coalition continues to satisfy the requirements of a tax-exempt organization and therefore had no uncertain income tax positions at June 30, 2010.

Use of Estimates - The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect certain amounts and disclosures. Accordingly, actual results could differ from those estimates.

EARLY LEARNING COALITION OF PINELLAS COUNTY, INC.

**Notes to Financial Statements
Years Ended June 30, 2010 and 2009**

Note 1 – Nature of Activities and Summary of Significant Accounting Policies (continued)

Reclassifications - Certain reclassifications were made in the prior year financial statements to conform to the current year presentation.

Subsequent Events - Management has adopted the provisions set forth in ASC 855, *Subsequent Events*, and considered subsequent events through the date of the audit report.

Note 2 – Concentrations

The activities of the Coalition are conducted in Pinellas County, Florida and are supported by funding provided by government agencies. The Coalition receives approximately 99% of funding from federal and state grants passed through the Agency for Workforce Innovation. A significant decline in funding to the Coalition could adversely affect the operating results of the Coalition.

The Coalition places its cash on deposit with financial institutions in the United States of America. The Federal Deposit Insurance Corporation covers \$250,000 for substantially all depository accounts and temporarily provides unlimited coverage through December 31, 2012 for certain qualifying and participating non-interest bearing transaction accounts. As of June 30, 2010, the Coalition's cash was on deposit with a financial institution participating in the FDIC's Temporary Assistance Guaranty Program and as such was fully insured.

Note 3 – Related Party Transactions

Certain members of the Board of Directors of the Coalition are mandated by the "School Readiness Act". These mandated members consist of executive directors of child care providing agencies or government agencies. As a result, in order to achieve its objectives, the Coalition enters into related party transactions with the organizations in which the Coalition's Board Members are actively involved. The related party members include the Executive Director of Coordinated Child Care of Pinellas, Inc. (child care provider), Assistant Superintendent for Elementary & Special Education of Pinellas County Schools (child care provider), and the Executive Director of the Pinellas County Health Department. During the years ended June 30, 2010 and 2009, the Coalition made payments to and had outstanding payables to related parties as follows:

	<u>2010</u>	<u>2009</u>
School Readiness		
- Coordinated Child Care	\$ 30,728,905	\$ 29,312,906
- Pinellas County School Board	234,550	226,387
- Pinellas County Health Department	122,675	114,700
VPK Educational Program		
- Coordinated Child Care	14,138,655	14,482,512
Payables at year end		
- Coordinated Child Care	2,873,642	3,729,509
- Pinellas County School Board	36,251	39,448
- Pinellas County Health Department	-	7,125

EARLY LEARNING COALITION OF PINELLAS COUNTY, INC.

**Notes to Financial Statements
Years Ended June 30, 2010 and 2009**

Note 4 – Leases

The Coalition leases office space under various noncancelable operating lease agreements that expire through March 2016. Total rent expense for the years ended June 30, 2010 and 2009 was \$90,958 and \$63,588, respectively.

Future minimum lease commitments are as follows:

<u>Year ended June 30,</u>	
2011	\$ 155,639
2012	179,967
2013	185,115
2014	190,467
2015	196,041
Thereafter	108,804

Note 5 – Retirement Plan

The Coalition has a 401(k) retirement plan that provides a contribution of 5% of each employee's salary and will also match the employee's contribution up to 5% of salary. The employees are vested after one year of employment. The contribution was \$67,236 and \$53,703 for the years ended June 30, 2010 and 2009, respectively.

Note 6 – Contingencies

The Coalition participates in federal and state government grant programs, the expenditures for which are subject to audit from respective funding agencies and/or the Government Accounting Office. Upon examination, expenditures could be disallowed and refunds required. The Coalition is not aware of any expenditures for which such allowance or refunds would be required by funding agencies.

Accompanying Information

EARLY LEARNING COALITION OF PINELLAS COUNTY, INC.

**Schedule of Expenditures of Federal Awards and
State Financial Assistance
For the Year Ended June 30, 2010**

<u>Federal Grantor/ Program Title</u>	<u>CFDA CSFA</u>	<u>Expenditures</u>	<u>Transfers to Subrecipients</u>
FEDERAL AWARDS:			
U.S. Department of Health and Human Services Passed through the State of Florida Agency for Workforce Innovation			
Child Care and Development Block Grant	93.575	\$ 12,491,932	\$ 11,833,289
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	10,309,832	10,194,155
ARRA - Child Care Developmental Fund	93.713	<u>3,276,415</u>	<u>3,237,744</u>
Total Child Care Cluster		26,078,179	25,265,188
Temporary Assistance for Needy Families	93.558	8,433,547	8,208,065
Social Services Block Grant	93.667	7,699	7,699
U. S. Department of Education Passed through the State of Florida Agency for Workforce Innovation			
ARRA - Special Education - Preschool Grants	84.173A	17,208	-
ARRA - State Fiscal Stabilization Fund	84.397	1,561,351	1,561,351
Passed through Florida Developmental Disabilities Council, Inc.			
Developmental Disabilities Basic Support and Advocacy Grant	93.630	<u>84,012</u>	<u>-</u>
Total Expenditures of Federal Awards		<u>36,181,996</u>	<u>35,042,303</u>
STATE FINANCIAL ASSISTANCE:			
State of Florida Agency for Workforce Innovation			
Voluntary PreKindergarten Education Program	75.007	12,930,767	12,702,386
Voluntary PreKindergarten Education Outreach & Awareness	75.007	43,642	-
State of Florida Department of Education			
Voluntary PreKindergarten Facilitators	48.098	<u>60,299</u>	<u>-</u>
Total Expenditures of State Awards		<u>13,034,708</u>	<u>12,702,386</u>
Total Federal and State Expenditures		<u>\$ 49,216,704</u>	<u>\$ 47,744,689</u>

See accompanying notes to schedules of expenditures of federal awards and state financial assistance.

EARLY LEARNING COALITION OF PINELLAS COUNTY, INC.

**Notes to Schedule of Expenditures of Federal Awards
and State Financial Assistance
Year Ended June 30, 2010**

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 Early Learning Coalition of Pinellas County, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with accounting principles generally accepted in the United States of America as applicable to non-profit organizations, the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the requirements of Chapter 10.650, Rules of the Auditor General of the State of Florida.

Note 2 – Contingencies

Expenditures incurred by the Early Learning Coalition of Pinellas County, Inc. and the subrecipients are subject to audit and possible disallowance by federal and state agencies. The Coalition would be held responsible for recovery (reimbursement to the grantor agency) of disallowed amounts incurred by the subrecipients if the subrecipients were not able to do so. Management believes that, if audited, any adjustment for disallowed expenses would be immaterial in amount.

Grant Compliance



**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
Early Learning Coalition of Pinellas County, Inc.

We have audited the financial statements of the Early Learning Coalition of Pinellas County, Inc. (the "Coalition") as of and for the year ended June 30, 2010, and have issued our report thereon dated January 10, 2011. 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 Coalition's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Coalition's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Coalition'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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Coalition'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 of the Board of Directors, management, 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.

Cherry, Behant & Holland, L.L.P.

Tampa, Florida
January 10, 2011



Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Federal Program and State Project and Internal Control over Compliance in Accordance with OMB Circular A-133, Chapter 10.650, Rules of the Auditor General of the State of Florida and Special Audit Guidance Provided by the State of Florida Agency for Workforce Innovation

Board of Directors
Early Learning Coalition of Pinellas County, Inc.

Compliance

We have audited the Early Learning Coalition of Pinellas County, Inc. (the "Coalition") compliance with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement*, the requirements described in the Executive Office of the Governor of Florida's State Projects Compliance Supplement, and special audit guidance provided by the State of Florida Agency for Workforce Innovation, that could have a direct and material effect on each of its major federal programs and state financial assistance projects for the year ended June 30, 2010. The Coalition's major federal programs and state financial assistance projects are identified in the summary of audit 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 financial assistance projects is the responsibility of the Coalition's management. Our responsibility is to express an opinion on the Coalition's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.650, Rules of the Auditor General of the State of Florida. Those standards, OMB Circular A-133 and Chapter 10.650, Rules of the Auditor General of the State of Florida, 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 financial assistance project occurred. An audit includes examining, on a test basis, evidence about the Coalition'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 on the Coalition's compliance with those requirements.

In our opinion, the Coalition complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended June 30, 2010.

Internal Control over Compliance

Management of the Coalition 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 financial assistance projects. In planning and performing our audit, we considered the Coalition's internal control over compliance with requirements that could have a direct and material effect on a major federal program or state financial assistance project to determine the 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 and Chapter 10.650, 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 Coalition'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 financial assistance 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 financial assistance 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 of the Board of Directors, management, 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.

Cherry, Behart & Holland, L.L.P.

Tampa, Florida
January 10, 2011

EARLY LEARNING COALITION OF PINELLAS COUNTY, INC.

**Schedule of Findings and Questioned Costs
Federal Programs and State Financial Assistance Projects
Year Ended June 30, 2010**

A. Summary of Audit Results

1. The report of independent certified public accountants expresses an unqualified opinion on the financial statements.
2. No significant deficiencies were disclosed during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements were disclosed during the audit.
4. No significant deficiencies were disclosed during the audit of the major federal award programs and state projects.
5. The auditor's report on compliance for the major federal award programs and state projects expresses an unqualified opinion.
6. There were no audit findings relative to the major federal award programs or the major state financial assistance projects.
7. The programs tested as major programs/projects was as follows:

<u>CFDA #</u>	<u>Federal Program</u>
93.558	Temporary Assistance for Needy Families
93.575, 93.596,	
93.713	Child Care and Development Fund Cluster
84.397	ARRA – State Fiscal Stabilization Fund
<u>CSFA #</u>	
75.007	Voluntary Pre-Kindergarten Education Program

8. The threshold for distinguishing Types A and B programs/projects was \$1,085,459 for federal and \$391,041 for state purposes.
9. Early Learning Coalition of Pinellas County, Inc. was considered a low-risk auditee pursuant to OMB Circular A-133.
10. Early Learning Coalition of Pinellas County, Inc. performed reconciliations of its financial reports to the Statewide School Readiness Data and Reporting System in a timely and satisfactory manner.

B. Findings - Financial Statements Audit

None

EARLY LEARNING COALITION OF PINELLAS COUNTY, INC.

**Schedule of Findings and Questioned Costs
Federal Programs and State Financial Assistance Projects (continued)
Year Ended June 30, 2010**

C. Findings and Questioned Costs - Major Federal Award Programs

None

D. Findings and Questioned Costs – State Projects

None

E. Management Letter – State Projects

There were no items related to State financial assistance required to be reported in a management letter. Accordingly, no management letter has been issued.

EARLY LEARNING COALITION OF PINELLAS COUNTY, INC.

**Summary Schedule of Prior Year's Audit Findings
and Corrective Action Plan
Year Ended June 30, 2010**

Finding 2009-1

State of Florida Agency for Workforce Innovation, Voluntary Pre-Kindergarten Education program, CSFA #75.007; Project Number: SV419, Award year: July 1, 2008 - June 30,2009.

Criteria: A VPK provider must have, for each VPK class, at least one VPK instructor who meets the State's minimum education requirements.

Conditions: In fulfilling the Coalition's monitoring responsibilities, it was noted that there were several VPK lead instructors that did not comply with the educational requirements.

Corrective action was taken.