DASZKALBOLTON
accountants & advisors

Florence Fuller Child Development Centers, Inc. and Florence Fuller Child Development Foundation, Inc.

Consolidated Financial Statements

December 31, 2020 and 2019

Table of Contents

Independent Auditors' Report

To the Board of Directors
Florence Fuller Child Development Centers, Inc. and
Florence Fuller Child Development Foundation, Inc.
Boca Raton, Florida

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Florence Fuller Child Development Centers, Inc. and Florence Fuller Child Development Foundation, Inc. (a nonprofit organization), which comprise the consolidated statements of financial position as of December 31, 2020 and 2019, and the related consolidated statements of activities and changes in net assets, cash flows, and functional expenses for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

Continued from previous page

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Florence Fuller Childhood Development Centers, Inc. and Florence Fuller Child Development Foundation, Inc. as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, 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 consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

In addition, the accompanying information and other supplementary schedules contained in the Table of Contents are presented for purposes of analysis and are not a required part of the consolidated financial statements of Florence Fuller Childhood Development Centers, Inc. and Florence Fuller Child Development Foundation, Inc. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements, and, in our opinion, is fairly presented in all material respects in relation to the consolidated financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 30, 2021, on our consideration of Florence Fuller Childhood Development Centers, Inc. and Florence Fuller Child Development Foundation, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Florence Fuller Childhood Development Centers, Inc. and Florence Fuller Child Development Foundation, Inc.'s internal control over financial reporting and compliance.

Daszkal Bolton LLP

Boca Raton, Florida
August 30, 2021

Florence Fuller Child Development Centers, Inc. and
Florence Fuller Child Development Foundation, Inc.
Consolidated Statements of Financial Position

December 31,	2020	2019
ASSETS		
Current assets:		
Cash and cash equivalents	$ 2,066,939	$ 1,754,875
Pledges receivable, net	127,528	186,523
Grants receivable	375,980	336,491
Prepaid expenses and other current assets	114,509	114,423
Total current assets	2,684,956	2,392,312
Investments:		
Board designated	3,588,780	3,265,005
Endowment, Perper Learning	50,500	50,500
Endowment, held in trust by others	31,364	27,819
Total investments	3,670,644	3,343,324
Property and equipment, net	5,687,374	5,713,827
Deposits	2,776	2,776
Total assets	$ 12,045,750	$ 11,452,239
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	$ 427,663	$ 469,263
Paycheck protection program loan	774,250	-
Total liabilities	1,201,913	469,263
Commitments and contingencies		
Net assets:		
Without donor restriction	7,925,679	7,989,256
With donor restriction	2,918,158	2,993,720
Total net assets	10,843,837	10,982,976
Total liabilities and net assets	$ 12,045,750	$ 11,452,239

See accompanying notes to the consolidated financial statements.

Florence Fuller Child Development Centers, Inc. and
Florence Fuller Child Development Foundation, Inc.
Consolidated Statements of Activities and Changes in Net Assets

	Year Ended December 31, 2020			Year Ended December 31, 2019		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
Support and revenues:						
Grants	$ 4,056,243	$ -	$ 4,056,243	$ 3,346,905	$ -	$ 3,346,905
Contributions from private sources	1,185,273	121,730	1,307,003	801,998	31,841	833,839
Special events	446,326	-	446,326	1,007,902	-	1,007,902
Program service fees	407,595	-	407,595	935,685	-	935,685
Net investment income	150,905	-	150,905	506,780	-	506,780
Other income	71,612	-	71,612	118,484	-	118,484
Net assets released from restriction	197,292	(197,292)	-	271,212	(271,212)	-
Total support and revenues	6,515,246	(75,562)	6,439,684	6,988,966	(239,371)	6,749,595
Expenses:						
Program services	5,555,584	-	5,555,584	5,385,353	-	5,385,353
Supporting services:						
Management and general	568,309	-	568,309	519,616	-	519,616
Fundraising	454,930	-	454,930	617,225	-	617,225
Total supporting services	1,023,239	-	1,023,239	1,136,841	-	1,136,841
Total expenses	6,578,823	-	6,578,823	6,522,194	-	6,522,194
Changes in net assets	(63,577)	(75,562)	(139,139)	466,772	(239,371)	227,401
Net assets at the beginning of the year	7,989,256	2,993,720	10,982,976	7,522,484	3,233,091	10,755,575
Net assets at the end of the year	$ 7,925,679	$ 2,918,158	$ 10,843,837	$ 7,989,256	$ 2,993,720	$ 10,982,976

See accompanying notes to the consolidated financial statements.

Florence Fuller Child Development Centers, Inc. and
Florence Fuller Child Development Foundation, Inc.
Consolidated Statements of Cash Flows

December 31,		2020		2019
Cash flows from operating activities:				
Change in net assets	$	(139,139)	$	227,401
Adjustments to reconcile the changes in net assets to net cash provided by operating activities:				
Depreciation and amortization		332,797		328,980
Realized and unrealized gain on investments		(129,460)		(465,393)
Changes in operating assets and liabilities:				
Pledges receivable		58,995		52,956
Grants receivable		(39,489)		161,007
Prepaid expenses and other current assets		(86)		5,514
Deposits		-		(2,276)
Accounts payable and accrued expenses		(41,600)		112,363
Net cash provided by operating activities		42,018		420,552
Cash flows from investing activities:				
Purchases of investments		(2,291,374)		(918,954)
Proceeds from the sale of investments		2,093,514		1,021,917
Purchases of property and equipment		(306,344)		(280,784)
Net cash used in investing activities		(504,204)		(177,821)
Cash flows from financing activities:				
Proceeds from paycheck protection program loan		774,250		-
Net cash provided by financing activities		774,250		-
Net increase in cash and cash equivalents		312,064		242,731
Cash and cash equivalents at the beginning of the year		1,754,875		1,512,144
Cash and cash equivalents at the end of the year	$	2,066,939	$	1,754,875

See accompanying notes to the consolidated financial statements.

Florence Fuller Child Development Centers, Inc. and
Florence Fuller Child Development Foundation, Inc.
Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2020
(With Comparative Totals for December 31, 2019)

	Program Services	Supporting Services: Management and General	Supporting Services: Fundraising	Supporting Services: Total Support Services	Total for the Year Ended December 31, 2020	Total for the Year Ended December 31, 2019
Payroll and payroll taxes	$ 3,445,257	$ 382,806	$ 214,089	$ 596,895	$ 4,042,152	$ 3,672,443
Payroll benefits	684,947	80,366	36,930	117,296	802,243	731,875
Depreciation and amortization	312,829	16,640	3,328	19,968	332,797	328,980
Food and kitchen supplies	299,019	-	-	-	299,019	406,758
Repairs and maintenance	222,570	6,077	2,369	8,446	231,016	262,883
Marketing, outreach	37,147	-	135,199	135,199	172,346	147,396
Utilities	148,213	7,884	1,578	9,462	157,675	174,831
Insurance	143,334	6,738	-	6,738	150,072	150,226
Professional fees	82,129	43,978	1,251	45,229	127,358	172,600
Office supplies	86,220	20,653	2,447	23,100	109,320	86,424
Special events, cost of direct benefits	-	-	41,010	41,010	41,010	238,587
Conference and travel	28,963	-	55	55	29,018	26,109
Miscellaneous	5,774	1,950	15,370	17,320	23,094	20,575
Taxes and licenses	20,075	1,217	1,304	2,521	22,596	13,575
Vehicle	14,437	-	-	-	14,437	23,105
Bad debt	10,980	-	-	-	10,980	29,509
Children's medical and dental	7,605	-	-	-	7,605	12,011
Field trips	6,085	-	-	-	6,085	24,307
Total for the year ended 2020	$ 5,555,584	$ 568,309	$ 454,930	$ 1,023,239	$ 6,578,823	
Total for the year ended 2019	$ 5,385,353	$ 519,616	$ 617,225	$ 1,136,841		$ 6,522,194

See accompanying notes to the consolidated financial statements.

Note 1 – Nature of Organization

Florence Fuller Child Development Centers, Inc. (the "Center") was founded in 1969 and incorporated in 1971 as a private, not-for-profit organization devoted to the educational development and care of children. The Center directly manages two child development centers. The Center provides economically disadvantaged children and their families with quality infant, pre-school and school-age child care and family support and health screening.

The Center's support and revenues are received from federal government grants through its funding sources, non-contractual grants designated for certain projects or programs, local public matching funds, contributions from private sources, and other miscellaneous sources.

The Center's key programs are:

Infant Care: For infants aged 6 weeks to 12 months old. The Center provides one caregiver for every four infants ensuring that the children receive the individual attention and care they need to help them develop the necessary social and emotional intelligence needed to thrive in life.

Early Childhood Education: The Early Childhood Education program is designed for children ages 1 to 5 years. The Center uses "The Creative Curriculum", a research-based and research-proven curriculum that allows teachers to be effective while still honoring their creativity and respecting their critical role in making learning exciting and relevant for every child. "The Creative Curriculum" is aligned with the Head Start Child Development and Early Learning Framework and state early learning standards.

After-School: A.C.E.S. (Academic, Character Education and SPARK, a physical fitness program), provides a safe and enriching environment for children in kindergarten through fifth grade. The Center's approach child development in a holistic manner by providing extracurricular activities that not only improve academic achievements but also enhance physical well-being and social skills, all of which are critical in the development of a healthy and successful adult.

Summer Camp: Develops social skills and physical development for children in kindergarten to fifth grade. Campers participate in outdoor sports, swimming, field trips, arts and crafts and nature activities. Academic enrichment and computer classes are provided to mitigate summer learning loss.

Health Services: The Center offers a variety of screenings to ensure children are healthy and able to reach their full potential. Screenings include: vision, hearing, speech, nutrition, height, weight, BMI, hemoglobin, blood pressure. These services are performed in connection with other organizations including FAU's College of Medicine, Nursing School; Palm Beach State College; and other local partners. If a child is found to require intervention or further assessment, referrals are made and followed up by one of our on-campus social workers.

Note 1 – Nature of Organization, continued

Nutrition: The Center provides two-thirds of its children nutritional needs and 98 percent qualify for the free lunch program. Children are provided breakfast, lunch and snack for those in the full-day program, and a snack and dinner for those in the after-school program.

Family Services: The Center's staff provides support for parents in conjunction with on-site social workers, so they are able to enter the world of parenting armed with knowledge, understanding and patience, which is guided by a strong support system to help them succeed in raising happy and successful children. For parents and caregivers that need help to move themselves out of minimum-wage jobs, employ a career coach to provide one-on-one assistance to facilitate access to higher education, on-the-job training, ESOL classes, résumé assistance and other services provided free of charge.

Florence Fuller Child Development Foundation, Inc. (the "Foundation") was incorporated on June 28, 2002. The Foundation was approved on January 30, 2003 as a private, not-for-profit organization. The purpose of the Foundation is to provide long-term endowment funding for the continued operation and growth of the Center.

Note 2 – Summary of Significant Accounting Policies

The significant accounting policies followed by the Center and the Foundation are described below:

Basis of Presentation
The accompanying consolidated financial statements include the accounts of the Center and the Foundation (collectively referred to as the "Organization"). All material inter-organizational transactions and balances have been eliminated in consolidation. The consolidated financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which requires the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of Organization's management and the Board of Directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the consolidated statements of activities and changes in net assets.

Note 2 –Summary of Significant Accounting Policies, continued

Functional Allocation of Expenses

The costs of providing the programs and other activities have been summarized on a functional basis in the accompanying consolidated statements of activities and changes in net assets. Certain program and support expenses, such as salaries, benefits and other administrative costs, are allocated among program services, management and general and fundraising based on management's analysis of these costs.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements. Such estimates also affect the reported amounts of revenues and expenses during the reporting year. Actual results may differ from estimates under different assumptions or conditions.

Revenue Recognition

Contributions, including unconditional promises to give, are recognized in the period received. Contributions received are considered to be available for use unless specifically restricted by the donor. Amounts received that are designated for a future period or are restricted by the donor for specific purposes are reported as increases in net assets with donor restriction. Unconditional promises to give are presumed to be time-restricted by the donor until collected and are reported as net assets with donor restriction.

Wills are recorded as bequest revenue when the probate courts declare the wills valid and the proceeds are measurable.

Contributions are recorded at fair value, which is net of estimated uncollectible amounts. The Organization uses the allowance method to determine uncollectible unconditional pledges receivable. The allowance is based on past experience as well as management's analysis of specific pledges made, including such factors as prior collection history, type of contribution, and nature of fundraising activity.

The Organization receives grant funding from federal agencies, state and local governments, and private foundations. Revenue is recognized only to the extent of expenditures under the terms of the grants. Grant awards not yet received are accrued to the extent unreimbursed expenses have been incurred for the purposes specified by an approved grant. Excess expenses incurred are borne by the Organization. Unexpended funds are returned to the grantors if required by the grant agreement.

All other revenues are recognized when earned.

Note 2 –Summary of Significant Accounting Policies, continued

Cash Equivalents

Cash equivalents consist principally of money market funds and amounts held for operations in interest or non-interest bearing accounts with original maturities of three (3) months or less, and exclude cash equivalents held temporarily for long-term investment purposes by investment custodians.

Pledges Receivable

Pledges receivable are recorded at face value, which approximates the present value when computed using interest rates appropriate to the estimated length of time for realization. All pledges receivable are reviewed annually for collectability. Management determines the allowance for doubtful receivables by regularly evaluating individual receivables and considering donor's financial condition and current economic conditions. Management believes that pledges receivable are fully collectible.

Grants Receivable

Grants receivable represent amounts due for expenditures incurred prior to year-end. Management evaluates all grants receivable on a periodic basis. Management believes that grants receivable are fully collectible.

Investments

The Organization reports investments at fair value. Net investment income (loss) consists of interest and dividend income, realized and unrealized gains and losses, less external and direct internal investment expenses. Net investment income (loss) is reported in the consolidated statements of activities and changes in net assets as a change in net assets without donor restriction unless the use of the income is limited by donor-imposed restrictions.

Property and Equipment

Property and equipment is stated at historical cost. Expenditures for major additions and improvements are capitalized and minor replacements, maintenance, and repairs are charged to expense as incurred. When property and equipment is retired, or otherwise disposed of, the cost and accumulated depreciation and amortization are removed from the accounts and any resulting gain or loss is included in the results of activities for the respective period. Depreciation and amortization of property and equipment is computed on a straight-line basis over the estimated useful lives of five (5) to forty (40) years. Land is not depreciated or amortized. Property and equipment, if donated, is recorded at the approximate fair value on the date of the donation.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code ("IRC"), except for income from activities not related to its tax-exempt purpose, which primarily includes rental income. No provision for income taxes was recorded during the years ended December 31, 2020 or 2019 since the Organization had no significant unrelated business income. The Organization is not a private foundation pursuant to section 509(a)(1) of the IRC.

Note 2 –Summary of Significant Accounting Policies, continued

Income Taxes, continued

In accordance with U.S. GAAP on accounting for uncertainty in income taxes, the Organization recognizes tax liabilities for uncertain tax positions when it is more likely than not that a tax position will not be sustained upon examination and settlement with various taxing authorities. Liabilities for uncertain tax positions are measured based upon the largest amount of benefit that is greater than 50% likely of being realized upon settlement. The guidance on accounting for uncertainty in income taxes also addresses de-recognition, classification, interest and penalties on income taxes, and accounting in interim periods. The Organization's tax years subject to examination by tax authorities generally remain open for three (3) years from the date of filing.

Valuation of Long-Lived Assets

The Organization accounts for the valuation of long-lived assets under authoritative guidance issued by the Financial Accounting Standards Board ("FASB"), which requires that long-lived assets and certain intangible assets be reviewed for impairment whenever events or circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived assets is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the assets. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets.

Assets to be disposed of are reported at the lower of the carrying amount or fair value, less costs to sell. No indicators of impairment were identified for the years ended December 31, 2020 and 2019.

Fair Value of Financial Instruments

The fair value of the Organization's cash and cash equivalents, grants receivable, pledges receivable, investments, and accounts payable and accrued expenses approximates their carrying amounts due to the relatively short maturity of these items.

Concentrations of Credit Risk

The Organization's assets that are exposed to credit risk consist primarily of cash and cash equivalents, investments, pledges receivable and grants receivable. Cash and cash equivalents are maintained at financial institutions and, at times, balances may exceed federally insured limits. The Organization has never experienced any losses related to these balances. Amounts on deposit in excess of federally insured limits at December 31, 2020 and 2019 totaled $1,709,827 and $1,444,523, respectively. The Organization invests its excess cash and cash equivalents and maintains its investments with high-quality financial institutions. The Organization performs yearly evaluations of these institutions for relative credit standing. Management regularly monitors the composition and maturities of investments. Investments are subject to market fluctuations that may materially affect the investment balances. Grants receivable consist primarily of amounts due from various agencies of the federal government, private foundations, or corporations. Pledges receivable consist mainly of amounts due from individuals, corporations and other not-for-profit organizations. Historically, the Organization has not experienced significant losses related to pledges and grants receivable and, therefore, believes that the credit risk related to these receivables is minimal.

Note 2 –Summary of Significant Accounting Policies, continued

Recent Accounting Pronouncements

In June 2018, the FASB issued Accounting Standards Update ("ASU") No. 2018-08 – Not-for-Profit Entities (Topic 958), *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which clarifies and improves the scope and the accounting guidance for contributions received and contributions made. ASU No. 2018-08 should assist entities in (i) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject to other guidance and (ii) determining whether a contribution is conditional. ASU No. 2018-08 is effective for fiscal years beginning after December 15, 2019. The Organization adopted ASU No. 2018-08 effective January 1, 2020 and there was no material effect on the consolidated financial statements and disclosures.

Date of Management Review

Management has evaluated subsequent events through August 30, 2021, the date on which the consolidated financial statements were available to be issued.

Note 3 – Liquidity and Availability of Resources

The Organization's financial assets available to meet cash needs for general expenditure, without donor or other restrictions limiting their use, within one year at December 31, 2020 consist of:

Financial assets at December 31, 2020:	
Cash and cash equivalents	$ 2,066,939
Pledges receivable	127,528
Grants receivable	375,980
Investments	3,670,644
Total financial assets	6,241,091
Less: financial assets unavailable for general expenditures within one year due to:	
Restricted by donors with purpose restrictions	(1,128,274)
Restricted by donors in perpetuity, endowments	(73,791)
Total financial assets unavailable for general expenditures	(1,202,065)
Total financial assets available within one year to meet cash needs for general expenditures	$ 5,039,026

As part of the Organization's liquidity management, it invests cash in excess of daily requirements in short-term investments.

Note 4 – Pledges Receivable

Pledges receivable represent unconditioned promises to give by donors. Pledges receivable consist of the following at December 31:

	2020	2019
Due in less than one year	$ 127,528	$ 186,523

Note 5 – Investment Income (Loss)

Net investment income (loss) consists of the following for the years ended December 31:

	2020	2019
Interest and dividend income	$ 50,653	$ 74,567
Net unrealized and realized gain on investments	129,460	465,393
Investment fees	(29,208)	(33,180)
	$ 150,905	$ 506,780

Note 6 – Property and Equipment

Property and equipment consists of the following at December 31:

	2020	2019
Buildings	$ 6,657,117	$ 6,654,554
Campus improvements	1,391,220	1,164,117
Vehicles	453,107	453,107
Land	410,000	410,000
Computer equipment	331,451	297,532
Machinery and equipment	312,235	357,159
Computer software	100,020	100,020
Furniture and fixtures	78,867	75,637
Construction in progress	20,091	8,091
	9,754,108	9,520,217
Less: accumulated depreciation and amortization	(4,066,734)	(3,806,390)
	$ 5,687,374	$ 5,713,827

Depreciation and amortization expense for the years ended December 31, 2020 and 2019 totaled $332,797 and $328,980, respectively.

Note 7 – Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consist of the following at December 31:

	2020	2019
Accounts payable	$ 273,420	$ 350,280
Accrued payroll	132,634	99,747
Accrued sick leave	21,609	19,236
	$ 427,663	$ 469,263

Prior to January 2008, accrued sick leave for full-time employees was accumulated one day per month and pro-rated for part-time employees based on the actual hours worked. The Organization's policy also allowed the year-to-year accumulation of unused sick leave credit. Upon termination, employees are paid for unused sick leave in accordance with the Organization's policy. Beginning in January 2008, the Organization adopted a new sick leave policy that eliminated the yearly accumulation of future sick leave credits. The value of accumulated sick leave payable for sick leave credit accumulated prior to the change in policy is expected to be settled in accordance with the Organization's pre-2008 policy.

Note 8 – Debt

Line of Credit

The Organization had a line-of-credit ("LOC") under which it may borrow up to $124,145 from a commercial bank. Borrowings under the LOC accrued interest, due monthly, at a base rate of 4%. The LOC is due on demand and is secured by the Organization's investment accounts. There were no amounts drawn under the LOC during the years ended December 31, 2020 and 2019. The LOC does not have an expiration date and is open and available so long as the Organization has sufficient collateral available to support any borrowings. Effective August 2020, the Organization terminated the LOC with the commercial bank.

Paycheck Protection Program Loan

During May 2020, the Organization was granted a loan (the "Loan") from a financial institution for the aggregate amount of $774,250 pursuant to the Paycheck Protection Program ("PPP") under Division A, Title I of the CARES Act. The Loan, which was in the form of a note dated May 1, 2020 issued to the Organization, matures in May 2022 and bears interest at a rate of 1.0% per annum, payable monthly commencing December 2020. The Loan may be prepaid at any time prior to maturity with no prepayment penalties. Under the terms of the PPP, certain amounts of the Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. The outstanding balance of the PPP loan is reflected as a current liability in the consolidated statements of financial position as of December 31, 2020, as the Organization received forgiveness of the full outstanding balance in February 2021 (See Note 18).

Note 9 – Employee Benefit Plan

The Organization maintains a defined contribution 401(k) profit sharing plan (the "Plan") covering all full-time employees fulfilling certain minimum age and service requirements. Under the Plan, eligible employees may defer a portion of their earnings up to the annual contribution limit allowed by the Internal Revenue Service. The Organization may contribute a discretionary matching contribution to the Plan. The Organization made matching contributions of $14,067 and $17,330 to the Plan for the years ended December 31, 2020 and 2019, respectively.

Note 10 – Fair Value Measurements

Certain financial assets are recorded at fair value. Fair value is defined as the price that would be received to sell an asset between market participants in an orderly transaction on the measurement date. The market in which the reporting entity would sell the asset with the greatest volume and level of activity for the asset is known as the principal market. When no principal market exists, the most advantageous market is used. This is the market in which the reporting entity would sell the asset with the price that maximizes the amount that would be received. Fair value is based on assumptions market participants would make in pricing the asset. Generally, fair value is based on observable quoted market prices or derived from observable market data when such market prices or data are available. When such prices or inputs are not available, the reporting entity should use valuation models.

The Organization's assets recorded at fair value are categorized based on the priority of the inputs used to measure fair value. Fair value measurement standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or other valuation techniques) to determine fair value. The inputs used in measuring fair value are categorized into three levels, as follows:

- **Level 1** - Inputs are based upon quoted prices for identical instruments traded in active markets.

- **Level 2** - Inputs that are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar investments in markets that are not active, or models based on valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the investment.

- **Level 3** - Inputs are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset. The fair values are therefore determined using model-based techniques that include option pricing models, discounted cash flow models, and similar techniques.

Note 10 – Fair Value Measurements, continued

The following section describes the valuation methodologies the Organization uses to measure its assets at fair value.

- Equity securities, preferred stock, mutual and money market funds – equity securities, mutual and money market funds are valued at the quoted net asset value of shares reported in the active market in which the mutual funds are traded.

- International bond – represents State of Israel bonds valued based upon comparable securities of issuers with similar yield and similar credit ratings.

Fair Value on a Recurring Basis

Investments measured at fair value on a recurring basis are summarized below:

	At December 31, 2020			
	Assets Measured at	Fair Value Hierarchy Level		
Description	Fair Value	Level 1	Level 2	Level 3
Investments:				
Fixed income funds	$ 1,942,418	$ 1,942,418	$ -	$ -
Mutual funds	1,238,510	1,238,510	-	-
Cash and money market accounts	489,716	489,716	-	-
Total investments	$ 3,670,644	$ 3,670,644	$ -	$ -

	At December 31, 2019			
	Assets Measured at	Fair Value Hierarchy Level		
Description	Fair Value	Level 1	Level 2	Level 3
Investments:				
Mutual funds	$ 3,023,458	$ 3,023,458	$ -	$ -
Cash and money market accounts	319,116	319,116	-	-
Preferred stock	750	750	-	-
Total investments	$ 3,343,324	$ 3,343,324	$ -	$ -

Note 11 – Net Assets with Donor Restrictions

Net assets with donor restrictions consists of the following at December 31:

	2020	2019
Time restrictions:		
Building renovations and improvements	$ 1,306,093	$ 1,465,340
Purpose restrictions:		
Future building renovations	733,885	691,930
Mental health counseling	311,763	311,763
Pre-school scholarships	80,171	38,441
Other	-	-
Music program	2,455	2,455
Maintained in perpetuity:		
Endowments	73,791	73,791
Land	410,000	410,000
	$ 2,918,158	$ 2,993,720

Land at the West Campus totaling $410,000 at both December 31, 2020 and 2019, is subject to an agreement with the donor that, should the Center cease to use the property for the purpose of operating a child care facility for low-income families, the land would automatically revert to the donor.

At December 31, 2020 and 2019, building renovations and improvements at the West Campus totaling $3,563,913 and $3,684,792 (net of accumulated depreciation and amortization), respectively, are subject to an agreement with the donor that, should the Center cease to use the property for the purpose of operating a child care facility for low-income families, these assets would revert to the donor.

At December 31, 2020 and 2019, building renovations and improvements at the East Campus totaling $551,102 and $583,244 (net of accumulated depreciation and amortization), respectively, are built on land subject to a lease agreement. Under the terms of this agreement, these assets must be used to operate a child care facility for low-income families. Upon termination of the lease, these assets would revert to the lessor.

Note 12 – Net Assets Released from Donor Restrictions

Net assets released from donor restrictions consists of the following at December 31:

	2020	2019
Time restrictions:		
Building renovations and improvements	$ 159,247	$ 158,595
Purpose restrictions:		
Future building renovations	38,045	107,617
Other	-	5,000
	$ 197,292	$ 271,212

Note 13 – Endowment

The Foundation's endowment consists of individual funds established for a variety of purposes. Its endowment is comprised of donor-restricted endowment funds designated by the Board of Directors to function as endowments. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

In June 2011, the State of Florida adopted the *Florida Uniform Prudent Management of Institutional Funds Act* ("FUPMIFA") which is effective July 1, 2012. The Organization has interpreted FUPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund is classified as with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by FUPMIFA.

Note 13 – Endowment, continued

Interpretation of Relevant Law, continued

The Organization considers the following factors in making a determination to appropriate or accumulated donor-restricted endowment fund earnings:

1) The duration and preservation of the fund
2) The purposes of the Organization and the donor-restricted endowment fund
3) General economic conditions
4) The possible effect of inflation and deflation
5) The expected total return from income and the appreciation of investments
6) Other resources of the Organization
7) The investment policies of the Organization

The Organization has elected to not add appreciation for cost of living or other spending policies to net assets with donor restrictions held in perpetuity.

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of income to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets on an inflation adjusted basis. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified periods. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to achieve a competitive rate of return while assuming a moderate level of investment risk. The Organization expects its endowment funds, over time, to provide a rate of return in excess of the original with donor restriction principal. Actual returns in any given year may vary.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places emphasis on investments in mutual funds to achieve its long-term return objectives within prudent risk constraints.

Summary of endowment net assets at December 31, 2020 and 2019:

	Without Donor Restriction	With Donor Restriction	Total
Perpetuity:			
Donor-designated endowment funds	$ -	$ 50,500	$ 50,500

There were no changes in endowment net assets for the years ended December 31, 2020 and 2019. The Foundation did not have any such deficiencies at December 31, 2020 and 2019.

Note 14 – Related Party Transactions

Boca Raton Children's Museum

In September 2014, the Organization signed a Memorandum of Understanding ("MOU") agreement with the Boca Raton Children's Museum ("CM"), which established CM as an affiliate of the Organization. CM is a nonprofit corporation that is committed to develop creative and critical thinking skills in children through exposure to arts and humanities, integrated with history and science.

CM reimburses the Organization for certain expenses paid by the Organization on behalf of CM. During the years ended December 31, 2020 and 2019, $0 and $2,594, was reimbursed to the Organization on behalf of CM. CM has entered into agreement with the Organization for contracted services. For the years ended December 31, 2020 and 2019, $0 and $48,000 was charged by the Organization for these services.

These revenues are reported as an offset to payroll and payroll related taxes under the management and general support services in the accompanying consolidated statements of activities and changes in net assets. At December 31, 2020 and 2019, $0 and $7,890, respectively, was receivable from CM for services provided. These receivables are included in prepaid expenses and other current assets in the accompanying consolidated statements of financial position.

The accompanying consolidated financial statements exclude the accounts of CM. Although, the Organization has a majority interest on the board of CM, it does not have any economic interest in CM.

In December 2019, the decision was made to temporarily close the CM, with oversight responsibility permanently reverting to the City of Boca Raton.

Grants from the Foundation

For the years ended December 31, 2020 and 2019, the Center received grants from the Foundation for $5,000 and $289,770, respectively, for the construction of the Center's new facilities at its West Campus in Boca Raton.

Note 15 – Major Grantors

For the years ended December 31, 2020 and 2019 two (2) grantors accounted for 44% and 36% of the Organization's total revenue, respectively. At December 31, 2020 and 2019, these grantors accounted for 57% and 68%, respectively, of the Organization's total grants receivable.

Note 16 – Commitments and Contingencies

A portion of the property at the Organization's East Campus is leased from the City of Boca Raton for $1 per year. There are no defined lease terms or periods. The fair value of the operating land lease expense cannot be reasonably estimated and, as such, is not reflected in the accompanying consolidated financial statements.

Grants

The Organization participates in various federal-assisted grant programs that are subject to review and audit by the respective grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from an audit may become a liability of the Organization and have an impact on future awards granted. During 2020, the Organization was unaware of any instances of non-compliance and has not provided for any liabilities that may arise from such audits.

As the revenue from these federal assisted grant programs is significant to the consolidated financial statements, reduction or loss of funding from these grant programs may affect the Organization's ability to operate in its present form.

COVID-19 Pandemic

In March 2020, the World Health Organization (the "WHO") classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of these consolidated financial statements. As such, it is uncertain as to the full magnitude that the pandemic will have on the Organization's consolidated financial condition, liquidity, and future results of operations. Management is actively monitoring the impact of the global situation on its consolidated financial condition, liquidity, operations, suppliers, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Organization is not able to estimate the effects of the COVID-19 outbreak on its results of consolidated operations, financial condition, or liquidity for 2021.

Note 17 – Funds Held in Trust by Others

During 2018, the Foundation established a charitable endowment fund known as the Florence Fuller Child Development Foundation, Inc. (the "Fund") with the Community Foundation for Palm Beach and Martin Counties, Inc. (the "Community Foundation"). The earnings of the Fund have been restricted for the benefit of the Organization. Assets contributed to the Community Foundation for the benefit of the Organization are recorded as assets of the Organization. These "agency restricted funds" are pooled with the other assets of the Community Foundation for investment purposes.

The Organization's initial contribution of $25,000 was matched with a $25,000 grant from the Community Foundation and is not available for distribution and may not be removed from the Fund.

Note 17 – Funds Held in Trust by Others, continued

Funds held in trust by others by type consists of the following at December 31:

	2020	2019
Florence Fuller Child Development Foundation, Inc.		
Endowment Fund	$ 27,819	$ 23,291
Changes in endowment nets assets:		
Contributions	-	-
Net appreciation (realized and unrealized)	3,687	4,785
Investment fees	(142)	(257)
	$ 31,364	$ 27,819

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Organization to retain as a fund of perpetual duration. Deficiencies of this nature do not exist as the Fund has an original contribution value of $25,000, a current fair value of $31,364 and a cumulative appreciation of $6,364 at December 31, 2020. This appreciation results from favorable market fluctuations that occurred after the original contribution was made.

Return Objectives and Risk Parameters

The Funds shall by invested by the Community Foundation in a long-term growth portfolio whose primary objective is long-term capital appreciation with an investment strategy of five years or longer.

Interpretation of Relevant Law

Management has interpreted the law as requiring donor restricted net assets in an endowment fund to remain restricted until appropriated for expenditure by the Organization following the donor's intended purpose. In accordance with the State Management of Institutional Funds Act, the Organization considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds:

1) The purposes of the Organization and the donor-restricted endowment fund;
2) General economic conditions;
3) The possible effect of inflation and deflation;
4) The expected total return from income and the appreciation of investments;
5) Other resources of the Organization; and
6) The investment policies of the Organization.

Note 17 – Funds Held in Trust by Others, continued

Spending Policy

All distributions from the Fund shall be in accordance with the Community Foundation's spending policy in effect during any fiscal year of the Community Foundation. Distributions may be made from income and capital appreciation but not from the endowment principal. The endowment principal is the sum of the value of the initial contribution establishing the Fund by the Organization and Community Foundation plus all subsequent contributions to the Fund.

Note 18 – Subsequent Event

On February 24, 2021, the Organization received official notice from the Small Business Administration for the full forgiveness of the outstanding PPP loan balance totaling $774,250.

Supplementary Schedules

Florence Fuller Child Development Centers, Inc. and
Florence Fuller Child Development Foundation, Inc.
Consolidating Statement of Activities and Changes in Net Assets

Year ended December 31, 2020

	Florence Fuller Child Development Centers, Inc.	Florence Fuller Child Development Foundation, Inc.	Eliminations	Consolidated Total
Support and revenues:				
Grants	$ 4,056,243	$ -	$ -	$ 4,056,243
Contributions from private sources	1,307,003	-	-	1,307,003
Program service fees	446,326	-	-	446,326
Special events	407,595	-	-	407,595
Other income	130,540	20,365	-	150,905
Net investment income	343	71,269	-	71,612
Total support and revenues	6,348,050	91,634	-	6,439,684
Expenses				
Program services	5,555,584	-	-	5,555,584
Supporting services:				
Management and general	568,309	-	-	568,309
Fundraising	454,930	-	-	454,930
Total supporting services	1,023,239	-	-	1,023,239
Total expenses	6,578,823	-	-	6,578,823
Changes in net assets	(230,773)	91,634	-	(139,139)
Net assets at the beginning of the year	7,143,268	3,839,708	-	10,982,976
Net assets at the end of the year	$ 6,912,495	$ 3,931,342	$ -	$ 10,843,837

Florence Fuller Child Development Centers, Inc. and
Florence Fuller Child Development Foundation, Inc.
Consolidating Statement of Activities and Changes in Net Assets

Year ended December 31, 2019

	Florence Fuller Child Development Centers, Inc.	Florence Fuller Child Development Foundation, Inc.	Eliminations	Consolidated Total
Support and revenues:				
Grants	$ 3,346,905	$ -	$ -	$ 3,346,905
Contributions from private sources	833,839	-	-	833,839
Program service fees	935,685	-	-	935,685
Special events	1,007,902	-	-	1,007,902
Bequests and other income	117,628	856	-	118,484
Net investment income	308	506,472	-	506,780
Total support and revenues	6,242,267	507,328	-	6,749,595
Expenses				
Program services	5,367,789	17,564	-	5,385,353
Supporting services:				
Management and general	519,616	-	-	519,616
Fundraising	617,225	-	-	617,225
Total supporting services	1,136,841	-	-	1,136,841
Total expenses	6,504,630	17,564	-	6,522,194
Changes in net assets	(262,363)	489,764	-	227,401
Net assets at the beginning of the year	7,405,631	3,349,944	-	10,755,575
Net assets at the end of the year	$ 7,143,268	$ 3,839,708	$ -	$ 10,982,976

Florence Fuller Child Development Centers, Inc. and
Florence Fuller Child Development Foundation, Inc.
Schedule of Expenditures of Federal Awards

Year ended December 31, 2020

Federal Grantor, Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Subrecipients	2020 Federal Expenditures
U.S. Department of Health and Human Services				
Pass-through from Lutheran Services Florida, Inc.				
Head Start and Early Head Start Programs	93.600	04CH4702/05	-	$ 1,220,236
Total U.S. Department of Health and Human Servcies			-	1,220,236
U.S. Department of Agriculture				
Pass-through from Florida Department of Health				
Child and Adult Care Food Program	10.558	S - 649	-	317,584
Total U.S. Department of Agriculture			-	317,584
Total Expenditures of Federal Awards			$ -	$ 1,537,820

See notes to the schedule of expenditures of federal awards.

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the Organization and is presented on the accrual basis of accounting. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations ("CFR") Part 200, *Uniform Administrative Requirement, Cost Principles, and Audit Requirement for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic consolidated financial statements.

The Organization did not elect to use the 10% de minimis indirect cost rate during the year ended December 31, 2020.

Note 2 – Reconciliation of Schedule of Expenditures of Federal Awards to the Consolidated Statements of Activities and Changes in Net Assets

The following schedule is a reconciliation of total expenditures as shown on the Schedule to the revenue shown in the accompanying consolidated statements of activities and changes in net assets for the years ended December 31:

	2020	2019
Total expenditures per schedule	$ 1,537,820	$ 1,559,493
Add: non-federal government grants (related to state, county and city grants)	1,997,368	1,434,334
Add: non-government grants	521,055	353,078
Total grant revenue per the consolidated statement of activities and changes in net assets	$ 4,056,243	$ 3,346,905

Independent Auditors' Reports Required by *Government Auditing Standards* and Uniform Guidance

DASZKALBOLTON
accountants & advisors

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Consolidated Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors
Florence Fuller Child Development Centers, Inc. and
Florence Fuller Child Development Foundation, Inc.
Boca Raton, 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 consolidated financial statements of Florence Fuller Child Development Centers, Inc. and Florence Fuller Child Development Foundation, Inc. (collectively the "Organization"), which comprise the consolidated statements of financial position as of December 31, 2020 and 2019, and the related consolidated statements of activities and changes in net assets, cash flows, and functional expenses for the years then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated August 30, 2021.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's consolidated 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.

Daszkal Bolton LLP | 561.367.1040 | dbllp.com
2401 NW Boca Raton Boulevard | Boca Raton | Florida 33431-6632
490 Sawgrass Corporate Parkway, Suite 200 | Sunrise | Florida 33325-6252
4455 Military Trail, Suite 201 | Jupiter | Florida 33458-4828

Continued from previous page

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's consolidated 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 the consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Daszkal Bolton LLP

Boca Raton, Florida
August 30, 2021

Independent Auditors' Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance

To the Board of Directors
Florence Fuller Child Development Centers, Inc. and
Florence Fuller Child Development Foundation, Inc.
Boca Raton, Florida

Report on Compliance for Each Major Federal Program

We have audited Florence Fuller Child Development Centers, Inc. and Florence Fuller Child Development Foundation, Inc. (collectively the "Organization") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Organization's major federal program for the year ended December 31, 2020. The Organization's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the Organization's major federal program based on our audit of the types of compliance requirements referred 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 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 on compliance for the major federal program. However, our audit does not provide a legal determination of Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2020.

Daszkal Bolton LLP | 561.367.1040 | dbllp.com
2401 NW Boca Raton Boulevard | Boca Raton | Florida 33431-6632
490 Sawgrass Corporate Parkway, Suite 200 | Sunrise | Florida 33325-6252
4455 Military Trail, Suite 201 | Jupiter | Florida 33458-4828

Continued from previous page

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

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program 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.

Daszkal Bolton LLP

Boca Raton, Florida
August 30, 2021

Schedule of Findings and Questioned Costs

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:		Unmodified		
Internal controls over financial reporting:				
Material weakness(es) identified?		Yes	X	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?		Yes	X	No
Noncompliance material to financial statements noted?		Yes	X	No
Management letter or report on other matters related to internal controls issued?		Yes	X	No

Federal Awards

Internal control over major federal programs:				
- Material weakness(es) identified?		Yes	X	No
- Significant deficiency(ies) identified		Yes	X	No
Type of auditors' report issued on compliance for major programs:		Unmodified		
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)		Yes	X	No

Identification of major programs:

Federal Programs

CFDA Number	Name of Major Federal Program or Cluster
93.600	Head Start and Early Head Start Programs

SECTION I - SUMMARY OF AUDITORS' RESULTS, continued

Dollar threshold used to distinguish between type A and type B programs:	$	750,000 Federal		
Auditee qualified as low-risk auditee?	X	Yes		No

SECTION II - FINANCIAL STATEMENT FINDINGS

CURRENT YEAR FINDINGS

None Reported

PRIOR YEAR FINDINGS

None Reported

SECTION III - FEDERAL PROGRAM AUDIT FINDINGS

CURRENT YEAR FINDINGS

None Reported

PRIOR YEAR AUDIT FINDINGS

None Reported