

STEP UP SUNCOAST, INC.

AUDITED FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
DECEMBER 31, 2020**

**STEP UP SUNCOAST, INC.
FINANCIAL STATEMENTS**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Step Up Suncoast, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Step Up Suncoast, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Step Up Suncoast, Inc. as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

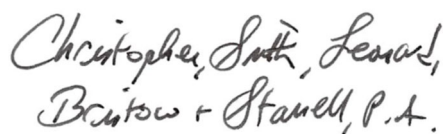
Other Matters

Other Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2021, on our consideration of Step Up Suncoast, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Step Up Suncoast, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Step Up Suncoast, Inc.'s internal control over financial reporting and compliance.



**CHRISTOPHER, SMITH, LEONARD,
BRISTOW & STANELL, P.A.**

June 23, 2021
Bradenton, Florida

STEP UP SUNCOAST, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020

ASSETS

CURRENT ASSETS	
Cash and cash equivalents	\$ 267,871
Grants receivable	1,505,304
Other receivables	27,190
Promises to give – current portion	16,950
Prepaid expenses	<u>134,790</u>
Total current assets	1,952,105
PROMISES TO GIVE, NET – LONG-TERM PORTION	27,737
LAND, BUILDINGS, AND EQUIPMENT, NET	1,691,578
DEPOSITS	<u>56,637</u>
TOTAL ASSETS	<u><u>\$ 3,728,057</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Accounts payable	\$ 130,876
Accrued payroll and taxes	778,807
Accrued expenses	38,069
Current portion of note payable	57,480
Line of credit	375,000
Refundable advances	<u>386,057</u>
Total current liabilities	1,766,289
LONG-TERM DEBT	
Note payable – long-term portion	<u>353,150</u>
TOTAL LIABILITIES	<u>2,119,439</u>
NET ASSETS	
Net assets without donor restrictions	1,519,897
Net assets with donor restrictions	<u>88,721</u>
Total net assets	<u>1,608,618</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 3,728,057</u></u>

The accompanying notes are an integral part of these financial statements

STEP UP SUNCOAST, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

CHANGE IN NET ASSETS:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE			
Grants and contracts	\$ 16,471,520	\$ 52,500	\$ 16,524,020
In-kind contributions	1,147,371	-	1,147,371
Program income	268,083	-	268,083
Donations and gifts	19,267	25,921	45,188
Special event revenue	15,000	11,320	26,320
Miscellaneous income	10,585	-	10,585
Interest income	91	-	91
Net assets released from restrictions	88,055	(88,055)	-
TOTAL REVENUE	<u>18,019,972</u>	<u>1,686</u>	<u>18,021,658</u>
EXPENSES AND LOSSES			
PROGRAM SERVICES			
Early childhood education	8,470,327	-	8,470,327
Training and family support	2,728,736	-	2,728,736
Client assistance	3,237,913	-	3,237,913
Food services	210,728	-	210,728
Housing assistance	224,428	-	224,428
Volunteer services	37,077	-	37,077
Donated space, supplies and other	1,110,294	-	1,110,294
Total program services	16,019,503	-	16,019,503
SUPPORTING SERVICES			
General and administrative	1,800,410	-	1,800,410
Fundraising	177,984	-	177,984
Depreciation	214,971	-	214,971
Total supporting services	2,193,365	-	2,193,365
TOTAL EXPENSES	18,212,868	-	18,212,868
TOTAL CHANGE IN NET ASSETS	(192,896)	1,686	(191,210)
NET ASSETS, Beginning of year	<u>1,712,793</u>	<u>87,035</u>	<u>1,799,828</u>
NET ASSETS, End of year	<u>\$ 1,519,897</u>	<u>\$ 88,721</u>	<u>\$ 1,608,618</u>

The accompanying notes are an integral part of these financial statements

STEP UP SUNCOAST, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	PROGRAM SERVICES					SUPPORTING SERVICES			TOTAL EXPENSES
	EARLY CHILDHOOD EDUCATION	TRAINING AND FAMILY SUPPORT	CLIENT ASSISTANCE	FOOD SERVICES	HOUSING ASSISTANCE	TOTAL PROGRAM SERVICES	GENERAL AND ADMINISTRATIVE	FUNDRAISING	
EXPENSES									
Personnel	\$ 5,283,067	\$ 1,829,544	\$ 736,607	\$ 185,606	\$ 46,975	\$ 8,081,799	\$ 1,141,369	\$ 111,242	\$ 9,334,410
Taxes/fringe benefits	1,431,627	463,553	170,032	47,860	13,112	2,126,184	243,788	24,218	2,394,190
Transportation and travel	11,496	18,983	2,844	573	947	34,843	1,154	784	36,781
Supplies	15,046	7,500	13,704	110	314	36,674	26,827	2,609	66,110
Contractual	7,704	16,301	1,215	-	133,841	159,061	1,410	7,402	167,873
Professional	40,242	13,093	7,145	2,478	15,842	78,800	1,709	234	80,743
Occupancy	372,384	196,575	51,773	2,574	6,144	629,450	217,434	4,858	851,742
Insurance	129,662	13,751	3,611	7,316	3,525	157,865	30,897	283	189,045
Dues and subscriptions	9,182	13,625	709	-	-	23,516	9,646	845	34,007
Program supplies	423,372	77,942	19,380	389	843	521,926	-	-	521,926
Program services	720	-	-	200	-	920	-	-	920
Food/Non-food	219,106	-	-	(46,574)	-	172,532	-	-	172,532
Tuition, seminars, development	153,992	1,291	-	-	300	155,583	21,157	2,808	179,548
Assistance	237	7,719	2,200,468	-	-	2,208,424	-	-	2,208,424
Equipment and vehicle leases	6,459	12,191	5,144	4,782	389	28,965	9,231	-	38,196
Computer maintenance and support	53,874	31,318	18,345	51	1,797	105,385	31,306	10,264	146,955
Repair and maintenance	258,359	12,180	2,381	3,236	283	276,439	21,516	291	298,246
Taxes and licenses	295	68	-	118	-	481	141	-	622
Printing and postage	3,090	1,019	2,606	44	116	6,875	5,266	3,976	16,117
Fundraising	-	-	-	-	-	-	-	5,366	5,366
Other costs	50,413	12,083	1,949	1,965	-	66,410	37,559	2,804	106,773
	\$ 8,470,327	\$ 2,728,736	\$ 3,237,913	\$ 210,728	\$ 224,428	\$ 14,872,132	\$ 1,800,410	\$ 177,984	\$ 16,850,526
Volunteer services	13,283	-	23,794	-	-	37,077	-	-	37,077
Donated space, supplies, and other	1,110,294	-	-	-	-	1,110,294	-	-	1,110,294
Depreciation	-	-	-	-	-	-	214,971	-	214,971
	\$ 1,123,577	\$ -	\$ 23,794	\$ -	\$ -	\$ 1,147,371	\$ 214,971	\$ -	\$ 1,362,342
ALLOCATION OF SUPPORTING SERVICES	1,067,764	340,639	388,292	26,510	22,497	1,845,702	(1,868,092)	22,390	-
	\$ 10,661,668	\$ 3,069,375	\$ 3,649,999	\$ 237,238	\$ 246,925	\$ 17,865,205	\$ 147,289	\$ 200,374	\$ 18,212,868

The accompanying notes are an integral part of these financial statements

**STEP UP SUNCOAST, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (191,210)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation	214,971
(Increase) decrease in operating assets:	
Grants receivable	(831,868)
Other receivables	(27,191)
Promises to give	(4,229)
Prepaid expenses	(29,669)
Deposits	(526)
Increase (decrease) in operating liabilities:	
Accounts payable	18,330
Accrued payroll and taxes	324,887
Accrued expenses	(151,931)
Refundable advances	341,435
Net cash provided (used) by operating activities	(337,001)

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of land, buildings, and equipment	(161,607)
Net cash provided (used) by investing activities	(161,607)

CASH FLOWS FROM FINANCING ACTIVITIES

Net borrowings on line of credit	375,000
Principal payments on note payable	(54,125)
Net cash provided (used) by investing activities	320,875

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (177,733)

CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR 445,604

CASH AND CASH EQUIVALENTS AT END OF YEAR \$ 267,871

SUPPLEMENTAL CASH FLOW INFORMATION:

Interest paid \$ 33,177

SUPPLEMENTAL NON-CASH INFORMATION:

Non-cash operating activities - In-kind contributions and expenses \$ 1,147,371

The accompanying notes are an integral part of these financial statements

STEP UP SUNCOAST, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organizational Structure

Step Up Suncoast, Inc. (the Organization) is a not-for-profit corporation incorporated under the laws of the State of Florida and organized exclusively for charitable purposes. Management consists of a Board of Directors who are elected by the membership of the corporation as prescribed in its bylaws. The Organization empowers individuals and families to achieve long-term economic stability through education, support services, and community partnerships utilizing a wide variety of services and programs to families in Manatee, Hardee, DeSoto, Sarasota and Charlotte Counties.

Basis of Accounting

The Organization follows standards of accounting and financial reporting prescribed for voluntary health and welfare agencies. The financial statements have been prepared on the accrual basis of accounting. Administrative costs are charged by the Organization to its programs for fiscal and administrative expenses incurred in performing its functions. The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions, as applicable.

Cash and Cash Equivalents

The Organization considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Grants Receivable

Grants receivable consist mainly of amounts due for reimbursement for services provided in accordance with federal and state grant programs. Grants receivables are stated at the amount management expects to collect on outstanding balances. Management deems substantially all of the grants receivable at December 31, 2020 to be fully collectible, and as a result, no allowance for doubtful accounts has been established.

STEP UP SUNCOAST, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Promises to Give

Promises to give are recorded at net realizable value. Unconditional promises to give are recognized as donations and gifts in the period received. Conditional promises to give are recognized when the barrier is overcome or the conditions on which they depend are substantially met. An allowance for doubtful accounts is established based on specific assessment of all amounts that remain unpaid following normal payment periods. All amounts deemed to be uncollectible are charged against the allowance for doubtful accounts in the period the determination is made. At December 31, 2020, all promises to give are considered fully collectible, and as a result, no allowance for doubtful accounts has been established.

Land, Buildings, and Equipment

For financial reporting purposes, all expenditures for land, buildings, and equipment with an estimated useful life of longer than one year and in excess of \$5,000 are capitalized at cost, if purchased, and fair value at the date of donation, if donated. Federal funding agencies providing funds for purchased assets may maintain an interest in the assets purchased with grant monies.

Depreciation is computed by the straight-line method, at rates based on the following estimated useful lives:

Furniture and equipment	3–10 years
Transportation equipment	5 years
Leasehold improvements	20 years
Buildings	10–39 years
Modular buildings	10–20 years

Refundable Advances

The Organization receives advances on grant/contract awards to meet the cash flow needs of the Organization. As a result, these amounts are recorded as refundable advances in the statement of financial position until the amounts are actually spent as part of the agreement, at which time revenue is recognized. If amounts are not entirely spent by the end of the award period, a refund of the unused portion is issued.

STEP UP SUNCOAST, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Revenue Recognition

The Organization receives substantially all of its revenue in the form of Federal, State and local grants and contracts. The Organization uses the guidance in the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2018-08, *Clarifying the Scope of Accounting Guidance for Contributions Received and Contributions Made*, to determine if a transaction is either an exchange transaction or a non-exchange transaction.

Exchange transactions are reported as revenues from contracts with customers under the FASB's Accounting Standards Codification (ASC) Topic 606, *Revenue from Contracts with Customers*. The Organization records revenue from exchange transactions based on a five-step model for its customers with contracts: identify the contract, identify performance obligations, determine the transaction price, allocate the contract transaction price to the performance obligations, and recognize the revenue when control of goods or services is transferred to the customer.

Program income constitutes an exchange transaction for administering the Voluntary Prekindergarten (VPK) program at select locations in Manatee County for the benefit of Early Learning Coalitions. The administration of the VPK program constitutes a performance obligation that is satisfied over-time, as actual hours of student attendance transpire (an output method) with consideration received on a monthly basis. Changes in attendance or state appropriations to the VPK program may significantly affect the amount and timing of the exchanged consideration. As of December 31, 2020 and 2019, the Organization recorded receivables of \$9,937 and \$45,026, respectively, relating to its administration of the VPK program.

Non-exchange transactions include certain grants and contracts, in-kind contributions, and donations and gifts that are either acquired directly or through special events. The Organization recognizes grants and contracts revenue either based on the terms of the contract service period or to the extent that expenses have been incurred and the resulting revenue earned. Unconditional donations and gifts are recognized at the time when a donor makes a cash donation or an unconditional promise to give to the Organization. Conditional promises to give are recognized as revenue when the barrier is overcome or the conditions on which they depend are substantially met. Donor restricted donations and gifts whose restrictions are met in the same period are reported as changes in net assets without donor restrictions in these financial statements. Donor restricted contributions whose restrictions are not yet met are reported as changes in net assets with donor restrictions until the restriction is met. When a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions.

STEP UP SUNCOAST, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

In-Kind Contributions

In-Kind contributions are made up of non-cash donations, donated labor and advantageous rates on rental facilities. The non-cash donations are valued at their fair market value at the time of donation. Professional services are valued at hourly rates that would have been paid for comparable services. In-Kind contributions from advantageous rental rates are valued at the difference between the fair market value of the rental space and the amounts actually paid. In-Kind contributions are recorded as both support and an expense.

Numerous volunteers have donated time to the Organization's various programs. Certain amounts are not recognized in the accompanying statement of activities because the criteria for recognition under generally accepted accounting principles have not been satisfied. Although these amounts have not been reflected in the financial statements, management determined the fair value of those services to be \$684,522 for the year ended December 31, 2020.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services in the statement of activities. The expenses allocated included depreciation, insurance, occupancy and repairs and maintenance, which are allocated on a square-footage basis, as well as salaries and related benefits, which are allocated on the basis of estimates of time and effort.

Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes has been made in these financial statements. The Organization is not a private foundation under Section 509(a)(2) of the Internal Revenue Code. The Organization has adopted guidance issued pursuant to Accounting Standards Codification (ASC) 740 on accounting for uncertain tax positions. Management believes the Organization has no material uncertain tax positions, including any potential loss of its tax exempt status. The Organization has no ongoing federal, state or local tax audits; however, the Organization's tax returns for the three previous years remain open to examination.

**STEP UP SUNCOAST, INC.
NOTES TO FINANCIAL STATEMENTS**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Estimates

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

Subsequent Events

The Organization has evaluated subsequent events through June 23, 2021 which is the date the financial statements were available to be issued.

NOTE B – PROMISES TO GIVE, NET

Promises to give that are receivable in more than one year are discounted at rates ranging from 0.132% to 2.510%, based on U.S. Treasury Bill rates in the year the pledge was made. As of December 31, 2020, promises to give consisted of the following:

Receivable in less than one year	\$	16,950
Receivable in one to five years		29,650
		46,600
Less discounts to net present value		(1,913)
Net promises to give	\$	44,687

NOTE C – LAND, BUILDINGS AND EQUIPMENT, NET

The following is a summary of land, buildings, and equipment and accumulated depreciation as of December 31, 2020:

	<u>COST</u>	<u>ACCUMULATED DEPRECIATION</u>	<u>NET BOOK VALUE</u>
Land	\$ 122,851	\$ –	\$ 122,851
Land improvements	115,351	7,974	107,377
Buildings	1,359,970	601,210	758,760
Building improvements	406,971	102,103	304,868
Equipment	66,275	45,784	20,491
Furniture and fixtures	6,850	4,224	2,626
Leasehold improvements	585,732	283,276	302,456
Modular building	251,908	251,908	–
Playground equipment	258,385	216,224	42,161
Vehicles	115,552	85,564	29,988
	\$ 3,289,845	\$ 1,598,267	\$ 1,691,578

Depreciation expense for 2020 was \$214,971.

STEP UP SUNCOAST, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE D – LINE OF CREDIT AGREEMENT

The Organization has an open line of credit with Chase Bank not to exceed \$750,000 and is secured by all of the Organization’s real estate in the State of Florida. All unpaid principal and interest on the line of credit is due and payable on November 5, 2021. Interest is charged at the adjusted LIBOR rate (0.149% at December 31, 2020) plus 5.05% per annum. During the year ended December 31, 2020, the Organization drew \$1,235,251 offset by \$860,251 in repayments for a net ending balance outstanding at December 31, 2020 of \$375,000.

NOTE E – NOTE PAYABLE

During 2017, the Organization entered into a \$600,000, ten-year fixed mortgage for the purchase of property with principal and interest payments to be paid monthly in the amount of \$6,420. The note matures on March 1, 2027 and interest is fixed at 5.109%. The note is secured by the related property with a net book value of \$501,195 at December 31, 2020. Future principal maturities of the note payable are as follows:

<u>YEAR ENDING DECEMBER 31,</u>	<u>AMOUNT</u>
2021	\$ 57,480
2022	60,486
2023	63,650
2024	66,979
2025	70,482
Thereafter	<u>91,553</u>
Total	410,630
Less current portion	<u>57,480</u>
Note payable, long-term portion	<u><u>\$ 353,150</u></u>

NOTE F – LEASES

The Organization leases office space and other facilities under several non-cancellable operating leases, which expire from 2021 through 2024. Rental expense for these operating leases for the year ended December 31, 2020 was \$605,616.

STEP UP SUNCOAST, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE F – LEASES – CONTINUED

Future minimum lease payments of office space and other facilities are as follows:

<u>YEAR ENDING DECEMBER 31,</u>	<u>AMOUNT</u>
2021	\$ 458,956
2022	448,092
2023	456,693
2024	191,795

Two of the non-cancelable building operating leases entered into during 2017, each with an initial term of seven years, have an option to renew for an additional three years. The optional three year term portions include total monthly lease payments which range from \$37,591 to \$39,109 and total \$1,380,516. Additionally, the Organization is responsible for monthly operating expenses which are currently estimated to be approximately \$135,000 annually.

The Organization also leases copying and other equipment under several operating leases, which expire from 2021 through 2022. Lease expense under these equipment leases amounted to \$78,354 for the year ended December 31, 2020. Future minimum lease payments applicable to vehicles and equipment are as follows:

<u>YEAR ENDING DECEMBER 31,</u>	<u>AMOUNT</u>
2021	\$ 25,541
2022	6,385

The Organization has entered into certain equipment maintenance agreements and service contracts that extend beyond one year. These contracts expire from 2021 to 2023. Expense under these contracts for the year ended December 31, 2020 was \$236,280. Future minimum payments on these agreements are as follows:

<u>DECEMBER 31,</u>	<u>AMOUNT</u>
2021	\$ 52,614
2022	985
2023	82

STEP UP SUNCOAST, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE G – NET ASSETS WITH DONOR RESTRICTIONS

At December 31, 2020, net assets with donor restrictions are restricted for time restrictions in the form of promises to give totaling \$44,687 and \$44,034 in cash and cash equivalents for donor imposed specified purposes. Net assets released from restriction during the year ended December 31, 2020 were \$88,055.

NOTE H – RETIREMENT PLAN

The Organization maintains a defined contribution retirement plan. The plan is qualified under section 403(b) of the Internal Revenue Code. Employer contributions are elective and management establishes the amount to be funded annually. Contributions are made to the account of each individual employee, based on a percentage of their annual compensation level. An employee must have one year of service with the Organization before the employer contribution will be made on their behalf. Employees may also contribute to the Plan. The Organization contributed \$645,647 for the year ended December 31, 2020.

NOTE I – RECONCILIATION OF EXPENSES ON THE STATEMENT OF ACTIVITIES TO COSTS REPORTED ON GRANT AND CONTRACT REPORTS

Generally accepted accounting principles require the capitalization of equipment acquired during the year with depreciation expense recorded over its estimated useful life. Total program costs as reported on the grant and contract reports include the cost of equipment as an operating expense in the year of acquisition. Total expenses on the reports are reconciled as follows:

Total expenses on the Statement of Activities	\$ 18,212,868
Plus: Capital expenditures for the year:	
Head Start	123,030
Administration	38,577
Non-professional volunteer services	684,522
Less: Depreciation expense	<u>(214,971)</u>
Total program costs as reported on the grant and contracts reports	<u>\$ 18,844,026</u>

STEP UP SUNCOAST, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE J – RECONCILIATION OF HEAD START STATEMENT OF FUNCTIONAL EXPENSES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND OTHER GRANTS

Early Childhood Education expenses on Statement of Functional Expenses	\$ 10,661,668
In-kind expenses on the Statement of Functional Expenses	(1,123,577)
Fixed asset additions (cash purchases)	123,030
Non-federal reimbursements (net)	<u>(452,327)</u>
Head Start expenses on Schedule of Federal Awards	<u>\$ 9,208,794</u>

NOTE K – HEAD START MATCH

The Organization provided \$452,329 of actual cash match and \$1,808,099 of non-cash match for a total of \$2,260,428 that qualified as Non-Federal Match for the Head Start program. All in-kind match requirements were met.

NOTE L – CONCENTRATION OF CREDIT RISK – CASH

Cash accounts at banks are insured by the Federal Deposit Insurance Corporation (FDIC) for up to \$250,000. At times throughout the year, the Organization's cash balances may exceed insured limits. Management believes that it is not exposed to any significant credit risk on cash and cash equivalents.

NOTE M – CONCENTRATIONS OF RISK – OTHER

Revenue sources:

A significant amount of the Organization's revenues are in the form of grants from federal and state sources to serve specified geographical areas within the various grants. The ability to continue operations, if the grant programs were lost or canceled, is dependent upon the Organization's ability to generate other funding.

Labor:

Certain Head Start and Early Head Start program employees are covered under a collective bargaining agreement, which expired February 11, 2021, and was subsequently renewed to April 27, 2023.

STEP UP SUNCOAST, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE N – CONTINGENCIES

From time to time, the Organization is involved in litigation and regular investigations arising in the course of business. After consultation with legal counsel, management estimates that these matters will be resolved without material adverse effects on the Organization’s future financial position or results of operations. However, it is possible that an unfavorable outcome might occur and that outcome could impact the financial results of the Organization.

The Organization is continuing to evaluate the risks associated with COVID-19 and implement risk mitigation tactics. Management continues to evaluate the risk of impact, if any, of COVID-19 as it relates to all aspects of the Organization’s transactions with clients, donors, vendors, and human interactions within and outside the Organization. However, the Organization cannot at this time, make a determination on the ultimate impacts of the COVID-19 pandemic.

NOTE O – LIQUIDITY AND AVAILABILITY OF RESOURCES

The following table reflects the Organization’s financial assets as of December 31, 2020, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year.

Financial assets at December 31, 2020	\$ 3,728,057
Less those unavailable for general expenditures within one year due to:	
Restricted by donor with time or purpose restrictions	88,721
Less assets that are not in spendable form:	
Prepaid expenses	134,790
Land, buildings, and equipment	1,691,578
Deposits	<u>56,637</u>
	<u>\$ 1,756,331</u>

The Organization receives contributions throughout the year that may be subject to donor restriction. Because a donor’s restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Organization’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due within the next year. The Organization is able to request funds through a line of credit agreement in the event of financial distress or an immediate liquidity need resulting from events outside the typical life cycle of converting financial assets to cash or settling financial liabilities.

SUPPLEMENTAL INFORMATION

STEP UP SUNCOAST, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND OTHER GRANTS
FOR THE YEAR ENDED DECEMBER 31, 2020

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM OR CLUSTER TITLE	FEDERAL PASS-THROUGH ENTITY CFDA NUMBER	IDENTIFYING NUMBER	PROGRAM AWARD	GRANT FISCAL PERIOD	PASSED THROUGH TO SUBRECIPIENTS	TOTAL FEDERAL EXPENDITURES	GRANT REVENUE
FEDERAL AGENCIES							
U.S. Department of Health and Human Services:							
Headstart Cluster:							
Head Start and Early Head Start	93.600	04CH10042-06-04	\$ 5,627,881	01/01/20-12/31/20	\$ -	\$ 5,627,881	\$ 5,627,881
Head Start and Early Head Start – CARES Act	93.600	04CH10042-06-C3	498,283	01/01/20-12/31/20	-	90,815	90,815
Early Head Start (Expansion 1)	93.600	04HP000083-03-02	1,667,890	09/01/19-08/31/20	-	1,072,276	1,072,276
Early Head Start (Expansion 1) – CARES Act	93.600	04HP000083-03-C3	70,305	09/01/19-08/31/20	-	24,153	24,153
Early Head Start (Expansion 1)	93.600	04HP000083-04-01	1,755,468	09/01/20-08/31/21	-	545,909	545,909
Early Head Start (Expansion 2)	93.600	04HP000151-01-00	2,070,574	03/01/19-02/29/20	-	338,917	338,917
Early Head Start (Expansion 2)	93.600	04HP000151-02-02	1,727,585	03/01/20-02/29/21	-	1,476,384	1,476,384
Early Head Start (Expansion 2) – CARES Act	93.600	04HP000151-02-C3	77,335	03/01/20-02/29/21	-	32,459	32,459
Total Head Start Cluster					-	9,208,794	9,208,794
<u>Pass-through programs from:</u>							
State of Florida, Department of Economic Opportunity, Division of Housing and Community Development,							
Community Services Block Grant (CSBG)	93.569	17SB-0D-12-00-04-115	2,505,664	10/01/16-03/31/21	-	673,980	673,980
Community Services Block Grant (CSBG) – CARES Act	93.569	17SB-0D-12-00-04-115	623,545	03/01/20-09/30/22	-	544,124	544,124
Total CSBG					-	1,218,104	1,218,104
State of Florida, Department of Economic Opportunity, Division of Housing and Community Development,							
Low-Income Home Energy Assistance Program (LIHEAP)	93.568	17EA-0F-08-51-04-016	5,332,449	04/01/17-03/31/21	-	950,641	950,641
Low-Income Home Energy Assistance Program (LIHEAP) – CARES Act	93.568	17EA-0F-08-51-04-016	945,022	03/01/20-09/30/21	-	514,859	514,859
Low-Income Home Energy Assistance (LIHEAP) – WAP	93.568	17WX-0G-12-00-04-017	1,024,553	04/01/17-03/31/21	-	171,618	171,618
Total LIHEAP					-	1,637,118	1,637,118
Florida Association of Healthy Start Coalitions							
Maternal, Infant and Early Childhood Home Visiting (MIECHV) Grant Program	93.870	13-11-FY1920	1,193,333	09/30/19-09/29/20	-	819,796	819,796
Maternal, Infant and Early Childhood Home Visiting (MIECHV) Grant Program	93.870	1MIECHV-2021STEPUP	1,085,933	09/30/20-09/29/21	-	274,372	274,372
Total MIECHV Grant Program					-	1,094,168	1,094,168
University of South Florida, Home Instruction for Parents of Preschool Youngsters							
Temporary Assistance for Needy Families (TANF)	93.558	5830-1539-11-A	290,000	07/01/19-06/30/20	-	154,399	154,399
Temporary Assistance for Needy Families (TANF)	93.558	5830-1539-21-A	271,800	07/01/20-06/30/21	-	107,145	107,145
Ounce of Prevention Fund of Florida, Healthy Families Florida							
Temporary Assistance for Needy Families (TANF)	93.558	HF-15-20-16	295,291	07/01/19-06/30/20	-	133,406	133,406
Temporary Assistance for Needy Families (TANF)	93.558	HF-20-21-16	295,291	07/01/20-06/30/21	-	148,155	148,155
Total TANF					-	543,105	543,105
Ounce of Prevention Fund of Florida, Healthy Families Florida							
MaryLee Allen Promoting Safe and Stable Families Program	93.556	HF-15-20-16	45,889	07/01/19-06/30/20	-	20,731	20,731
MaryLee Allen Promoting Safe and Stable Families Program	93.556	HF-20-21-16	45,889	07/01/20-06/30/21	-	23,023	23,023
Total MaryLee Allen Promoting Safe and Stable Families Program					-	43,754	43,754
Child Abuse and Neglect State Grants	93.669	HF-20-21-16C	604,940	08/01/20-06/30/21	-	112,353	112,353
Total pass-through programs– U.S. Department of Health and Human Services					-	4,648,602	4,648,602
Total of U.S. Department of Health and Human Services					-	13,857,396	13,857,396

The independent auditor's report should be read in connection with this supplemental schedule.
The accompanying notes are an integral part of this supplemental schedule.

STEP UP SUNCOAST, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND OTHER GRANTS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2020

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM OR CLUSTER TITLE	FEDERAL PASS-THROUGH ENTITY CFDA NUMBER	IDENTIFYING NUMBER	PROGRAM AWARD	GRANT FISCAL PERIOD	PASSED THROUGH TO SUBRECIPIENTS	TOTAL FEDERAL EXPENDITURES	GRANT REVENUE
U.S. Department of Agriculture:							
<u>Pass-through programs from:</u>							
State of Florida, Department of Health							
Child and Adult Care Food Program	10.558	S-732	\$ 500,128	10/01/19-09/30/20	\$ -	\$ 162,084	\$ 162,084
Child and Adult Care Food Program	10.558	S-732	680,588	10/01/20-09/30/21	-	75,153	75,153
Total Child and Adult Care Food Program					-	237,237	237,237
U.S. Department of Treasury:							
Volunteer Income Tax Assistance (VITA) Matching Grant Program	21.009	19VITA0044	23,982	08/01/18-07/31/20	-	14,325	14,325
Volunteer Income Tax Assistance (VITA) Matching Grant Program	21.009	21VITA0032	37,134	10/01/20-09/30/21	-	2,510	2,510
Total VITA Matching Grant Program					-	16,835	16,835
<u>Pass-through program from:</u>							
State of Florida, Division of Emergency Management							
Coronavirus Relief Fund (CRF)	21.019	Y2264	435,840	04/01/20-03/31/21	-	435,840	435,840
U.S. Department of Housing and Urban Development:							
Housing Counseling Assistance Program	14.169	HC170421047	18,187	10/01/19-03/31/21	-	9,274	9,274
U.S. Department of Energy:							
<u>Pass-through programs from:</u>							
State of Florida, Department of Economic Opportunity, Division of Housing and Community Development							
Weatherization Assistance for Low-Income Persons	81.042	17WX-0G-12-00-04-017	345,572	04/01/17-03/31/21	-	64,044	64,044
Total Expenditures of Federal Awards					\$ -	\$ 14,620,626	\$ 14,620,626

The independent auditor's report should be read in connection with this supplemental schedule.
The accompanying notes are an integral part of this supplemental schedule.

STEP UP SUNCOAST, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND OTHER GRANTS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2020

GRANTOR / PROGRAM TITLE	TOTAL EXPENDITURES
NON-FEDERAL OTHER GRANTS AND CONTRACTS - WITH AND WITHOUT DONOR RESTRICTIONS	
Ounce of Prevention Fund of Florida, Healthy Families Florida	\$ 509,000
Manatee County Board of County Commissioners:	
SHIP (State of Florida Funds)	1,000
Manatee County Children's Services:	
C.A.T.C.H. Program	89,071
Head Start	140,001
Healthy Families	218,750
HIPPY	135,644
Parents As Teachers	93,625
TOTS	25,388
Whole Child	122,809
Community Foundation of Sarasota County:	
Season of Sharing Fund	434,155
The Community Foundation of Sarasota County's 2020 Giving Challenge	30,715
John and Dorothy Brennan Charitable Fund	4,290
Terry Rawson Fund at the Community Foundation of Sarasota County	1,200
United Way:	
TOTS	22,500
VITA	21,500
Bank of America Grant	25,000
Manatee Community Foundation:	
The John J. Gorr Foundation of the Manatee Community Foundation	15,500
The Manatee County COVID-19 Community Response Fund of the Manatee Community Foundation	500
The Johnston Family Fund of the Manatee Community Foundation	100
William G. & Marie Selby Foundation	10,000
MSC Foundation	1,000
Other	1,646
TOTAL NON-FEDERAL OTHER GRANTS AND CONTRACTS - WITH AND WITHOUT DONOR RESTRICTIONS	<u>1,903,394</u>
TOTAL GRANTS AND CONTRACTS	<u>\$ 16,524,020</u>

The independent auditor's report should be read in connection with this supplemental schedule.
The accompanying notes are an integral part of this supplemental schedule.

STEP UP SUNCOAST, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND OTHER GRANTS

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards and Other Grants (the Schedule) includes the Federal grant activity of Step Up Suncoast, Inc., (the Organization) under programs of the Federal government for the year ended December 31, 2020. The information in this schedule is presented in accordance with the 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). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general-purpose financial statements.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures are reported on the Schedule and reported on the accrual basis of accounting. Such expenditures are recognized following cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Organization has a negotiated indirect cost rate of 12.58% for all programs through December 31, 2022.

OTHER AUDITOR'S REPORTS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of
Step Up Suncoast, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Step Up Suncoast, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 23, 2021.

Internal Control over Financial Reporting

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

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

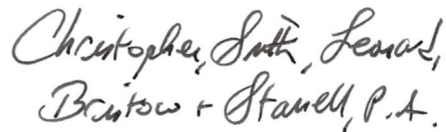
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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.

Handwritten signature in cursive script: Christopher, Smith, Leonard, Bristow & Stanell, P.A.

CHRISTOPHER, SMITH, LEONARD,
BRISTOW & STANELL, P.A.

June 23, 2021
Bradenton, Florida



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

**To the Board of Directors of
Step Up Suncoast, Inc.**

Report on Compliance for Each Major Federal Program

We have audited Step Up Suncoast, Inc.'s (the Organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended December 31, 2020. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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 each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major Federal Program

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

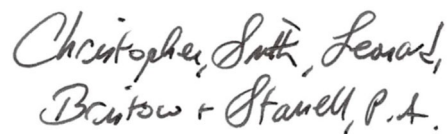
Report on Internal Control over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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.



CHRISTOPHER, SMITH, LEONARD,
BRISTOW & STANELL, P.A.

June 23, 2021
Bradenton, Florida

STEP UP SUNCOAST, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor’s Results

Financial Statements

Type of Auditor’s report issued: Unmodified Opinion
Internal Control over financial reporting:
Material weakness(es) identified? _____ yes x no
Significant deficiency(ies) identified? _____ yes x none reported
Noncompliance material to basic financial statements noted? _____ yes x no

Federal Awards

Internal Control over major programs:
Material weakness(es) identified? _____ yes x no
Significant deficiency(ies) identified? _____ yes x none reported
Type of auditor’s report issued on compliance for major programs: Unmodified Opinion
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) _____ yes x no

Identification of Major Federal Programs:

CFDA Number

Community Services Block Grant	93.569
Headstart Cluster	93.600

Dollar threshold used to distinguish between type A and type B programs: \$750,000
Auditee qualified as low-risk auditee? x yes _____ no

STEP UP SUNCOAST, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section II – Financial Statement Findings

No matters were reported.

Prior Year Audit Findings

None reported.

Section III – Major Federal Award Programs – Findings and Questioned Costs

None Reported

Summary Schedule of Prior Year Audit Findings

None reported.