

**STEP UP SUNCOAST, INC.**

**AUDITED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
DECEMBER 31, 2023**

**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 Audit of the Financial Statements

#### *Opinion*

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, 2023, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Step up Suncoast, Inc. (the Organization) as of December 31, 2023, 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.

#### *Basis for Opinion*

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

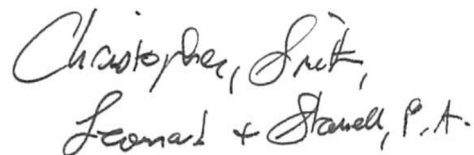
### **Supplementary Information**

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 accompanying schedule of expenditures of federal awards and other grants 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 4, 2024, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.



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

June 4, 2024  
Bradenton, Florida

**STEP UP SUNCOAST, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2023**

<u>ASSETS</u>	
<b>CURRENT ASSETS</b>	
Cash and cash equivalents	\$ 1,228,662
Grants receivable	1,394,004
Other receivables	17,223
Promises to give – current portion	4,200
Prepaid expenses	259,667
Right-of-use asset – current	398,657
Total current assets	3,302,413
<b>PROMISES TO GIVE, NET – LONG-TERM PORTION</b>	3,186
<b>OTHER ASSETS</b>	
Right-of-use asset	1,073,296
<b>LAND, BUILDINGS, AND EQUIPMENT, NET</b>	1,888,012
<b>DEPOSITS</b>	56,715
<b>TOTAL ASSETS</b>	<b>\$ 6,323,622</b>
<u>LIABILITIES AND NET ASSETS</u>	
<b>CURRENT LIABILITIES</b>	
Accounts payable	\$ 261,176
Accrued payroll and taxes	685,161
Accrued expenses	7,080
Current portion of note payable	66,978
Refundable advances	1,135,728
Short-term lease liability	396,667
Total current liabilities	2,552,790
Long-term lease liability	1,084,823
Note payable – long-term portion	163,210
<b>TOTAL LIABILITIES</b>	3,800,823
<b>NET ASSETS</b>	
Net assets without donor restrictions	2,340,875
Net assets with donor restrictions	181,924
Total net assets	2,522,799
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 6,323,622</b>

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

**STEP UP SUNCOAST, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

**CHANGE IN NET ASSETS:**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>REVENUE</b>			
Grants and contracts	19,082,513	135,000	\$ 19,217,513
In-kind contributions	865,008	-	865,008
Program income	326,926	-	326,926
Donations and gifts	14,727	-	14,727
Special event revenue	540	-	540
Miscellaneous income	111,773	-	111,773
Net assets released from restrictions	28,041	(28,041)	-
<b>TOTAL REVENUE</b>	<b>20,429,528</b>	<b>106,959</b>	<b>20,536,487</b>
<b>EXPENSES AND LOSSES</b>			
<b>PROGRAM SERVICES</b>			
Early childhood education	9,453,246	-	9,453,246
Training and family support	2,988,659	-	2,988,659
Client assistance	3,245,570	-	3,245,570
Food services	481,136	-	481,136
Housing assistance	279,496	-	279,496
Volunteer services	28,691	-	28,691
Donated space, supplies and other	836,317	-	836,317
Total program services	17,313,115	-	17,313,115
<b>SUPPORTING SERVICES</b>			
General and administrative	2,162,641	-	2,162,641
Fundraising	1,122	-	1,122
Depreciation	256,671	-	256,671
Total supporting services	2,420,434	-	2,420,434
<b>TOTAL EXPENSES</b>	<b>19,733,549</b>	<b>-</b>	<b>19,733,549</b>
<b>TOTAL CHANGE IN NET ASSETS</b>	<b>695,979</b>	<b>106,959</b>	<b>802,938</b>
<b>NET ASSETS, Beginning of year</b>	<b>1,644,896</b>	<b>74,965</b>	<b>1,719,861</b>
<b>NET ASSETS, End of year</b>	<b>\$ 2,340,875</b>	<b>\$ 181,924</b>	<b>\$ 2,522,799</b>

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, 2023

EXPENSES	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	
Personnel	\$ 5,873,039	\$ 1,929,988	\$ 597,526	\$ 286,036	\$ 77,111	\$ 8,763,700	\$ 1,284,148	\$ -	\$ 10,047,848
Taxes/fringe benefits	1,539,516	459,578	144,227	52,206	20,008	2,215,535	268,564	-	2,484,099
Transportation and travel	33,383	82,344	8,257	1,582	5,489	131,055	14,329	-	145,384
Supplies	14,789	5,798	4,568	22	207	25,384	23,989	-	49,373
Contractual	11,359	37,650	-	-	142,521	191,530	34,822	-	226,352
Professional	54,089	14,902	4,354	2,452	20,165	95,962	31,660	-	127,622
Occupancy	480,762	185,831	64,669	2,815	4,775	738,852	262,244	917	1,002,013
Insurance	187,387	19,447	4,585	9,979	3,500	224,898	36,249	19	261,166
Dues and subscriptions	16,191	22,891	3,726	30	38	42,876	11,791	-	54,667
Program supplies	239,248	72,527	9,718	194	340	322,027	6,847	-	328,874
Program services	500	-	31	300	-	831	8,550	-	9,381
Food/Non-food	246,864	-	-	109,082	-	355,946	-	-	355,946
Tuition, seminars, development	180,847	27,821	8,625	9,030	3,155	229,478	22,720	-	252,198
Assistance	-	45,151	2,355,172	-	-	2,400,323	-	-	2,400,323
Equipment and vehicle leases	4,831	13,339	8,289	-	222	26,681	11,789	-	38,470
Computer maintenance and support	106,113	34,324	14,998	875	1,373	157,683	39,841	15	197,539
Repair and maintenance	340,448	18,205	5,324	6,039	542	370,558	57,588	99	428,245
Taxes and licenses	201	216	19	190	-	626	510	-	1,136
Printing and postage	5,621	1,077	514	23	50	7,285	1,852	-	9,137
Other costs	118,058	17,570	10,968	281	-	146,877	45,148	72	192,097
	<b>9,453,246</b>	<b>2,988,659</b>	<b>3,245,570</b>	<b>481,136</b>	<b>279,496</b>	<b>16,448,107</b>	<b>2,162,641</b>	<b>1,122</b>	<b>18,611,870</b>
Volunteer services	21,280	-	7,411	-	-	28,691	-	-	28,691
Donated space, supplies, and other	827,697	-	8,620	-	-	836,317	-	-	836,317
Depreciation	-	-	-	-	-	-	256,671	-	256,671
	<b>848,977</b>	<b>-</b>	<b>16,031</b>	<b>-</b>	<b>-</b>	<b>865,008</b>	<b>256,671</b>	<b>-</b>	<b>1,121,679</b>
ALLOCATION OF SUPPORTING SERVICES	1,249,956	357,573	310,884	61,598	35,776	2,015,787	(2,015,931)	144	-
	<b>\$ 11,552,179</b>	<b>\$ 3,346,232</b>	<b>\$ 3,572,485</b>	<b>\$ 542,734</b>	<b>\$ 315,272</b>	<b>\$ 19,328,902</b>	<b>\$ 403,381</b>	<b>\$ 1,266</b>	<b>\$ 19,733,549</b>

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, 2023**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in net assets	\$ 802,938
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation	256,671
Operating lease expense	225
(Increase) decrease in operating assets:	
Grants receivable	138,756
Other receivables	4,356
Promises to give	13,111
Prepaid expenses	(111,374)
Increase (decrease) in operating liabilities:	
Accounts payable	40,371
Accrued payroll and taxes	12,275
Accrued expenses	(400)
Refundable advances	301,317
Net cash provided (used) by operating activities	<u>1,458,246</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchases of land, buildings, and equipment	(592,887)
Net cash provided (used) by investing activities	<u>(592,887)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Principal payments on note payable	(63,271)
Net cash provided (used) by investing activities	<u>(63,271)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	802,088
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>426,574</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u><u>\$ 1,228,662</u></u>
<b><u>SUPPLEMENTAL CASH FLOW INFORMATION:</u></b>	
Interest paid	<u><u>\$ 13,764</u></u>
<b><u>SUPPLEMENTAL NON-CASH INFORMATION:</u></b>	
Non-cash operating activities - In-kind contributions and expenses	<u><u>\$ 865,008</u></u>
Right-of-use assets obtained in exchange for new operating lease liabilities	<u><u>\$ 14,971</u></u>

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

STEP UP SUNCOAST, INC.  
NOTES TO FINANCIAL STATEMENTS

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**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 evaluates the need for an allowance for doubtful accounts based on review of the current status of existing receivables and any known potential collection issues. Management deems substantially all of the grants receivable at December 31, 2023 to be fully collectible, and as a result, no allowance for doubtful accounts has been established.

STEP UP SUNCOAST, INC.  
NOTES TO FINANCIAL STATEMENTS

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**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 the promise is 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, 2023, all promises to give are considered fully collectible, and as a result, no allowance for credit losses 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 fixtures	3–10 years
Equipment, vehicles and software	5 years
Leasehold improvements	20 years
Buildings and improvements	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

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**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, 2023 and 2022, the Organization recorded receivables of \$0 and \$109, 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.

STEP UP SUNCOAST, INC.  
NOTES TO FINANCIAL STATEMENTS

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**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Revenue Recognition – Continued**

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.

**In-Kind Contributions**

From time to time, the Organization receives in-kind gifts from donors. The contributed nonfinancial assets are valued at an estimated value which approximates the lower of cost or net realizable value.

In-Kind contributions are made up of non-cash donations, donated labor and advantageous rates on rental facilities, which are used in the Organization's various programs to provide services. The non-cash donations are valued at their fair 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 value of the rental space and the amounts actually paid. In-Kind contributions are recorded as both support and an expense.

The Organization recognized the following contributed nonfinancial assets within revenue for the year ended December 31, 2023:

Rental Space	\$	751,391
Services		<u>113,617</u>
	\$	<u><u>865,008</u></u>

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. While these amounts have not been reflected as part of the in-kind contributions in the financial statements, management determined the fair value of those services to be \$63,516 for the year ended December 31, 2023.

STEP UP SUNCOAST, INC.  
NOTES TO FINANCIAL STATEMENTS

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**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**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.

**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.

**Adoption of New Accounting Standard**

Effective January 1, 2023, the Organization adopted ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which replaces the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. The measurement of expected credit losses under the CECL methodology is applicable to financial assets measured at amortized cost.

STEP UP SUNCOAST, INC.  
NOTES TO FINANCIAL STATEMENTS

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**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Adoption of New Accounting Standard – Continued**

The CECL methodology utilizes a lifetime “expected credit loss” measurement objective for the recognition of credit losses for applicable financial assets, at the time the financial asset is originated or acquired. The expected credit losses are adjusted each period for changes in expected lifetime credit losses. The methodology replaces the multiple existing impairment methods in current GAAP, which generally require that a loss be incurred before it is recognized.

The adoption of this accounting standard update had no effect on net assets as previously reported.

**Subsequent Events**

The Organization has evaluated subsequent events through June 4, 2024, 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 4.01%, based on U.S. Treasury Bill rates in the year the pledge was made. As of December 31, 2023, promises to give consisted of the following:

Receivable in less than one year	\$	4,200
Receivable in one to five years		<u>3,500</u>
		7,700
Less discounts to net present value		<u>(314)</u>
Net promises to give	\$	<u><u>7,386</u></u>

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

**NOTE C – LAND, BUILDINGS AND EQUIPMENT, NET**

The following is a summary of land, buildings, and equipment and accumulated depreciation as of December 31, 2023:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Land	\$ 122,851	\$ –	\$ 122,851
Construction in progress	276,458	–	276,458
Land improvements	115,351	30,403	84,948
Buildings	1,359,970	842,790	517,180
Building improvements	608,864	195,429	413,435
Equipment	157,056	65,739	91,317
Furniture and fixtures	6,850	6,850	–
Leasehold improvements	690,567	490,772	199,795
Playground equipment	282,884	260,358	22,526
Software	64,617	48,463	16,154
Vehicles	229,997	86,649	143,348
	<u>\$ 3,915,465</u>	<u>\$ 2,027,453</u>	<u>\$ 1,888,012</u>

Depreciation expense for 2023 was \$256,671.

**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 10, 2024. Interest is charged at the adjusted SOFR rate (5.38% at December 31, 2023) plus 6.667% per annum. At December 31, 2023, there was no outstanding balance on the line of credit.

**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 \$314,614 at December 31, 2023. Future principal maturities of the note payable are as follows:



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

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**NOTE E – NOTE PAYABLE – CONTINUED**

<u>Year ending December 31,</u>	<u>Amount</u>
2024	\$ 66,978
2025	70,482
2026	74,169
2027	18,559
Total	<u>230,188</u>
Less current portion	<u>66,978</u>
Note payable, long-term portion	<u><u>\$ 163,210</u></u>

**NOTE F – LEASES**

The Organization leases three office spaces and other facilities under various non-cancellable operating leases. All of the office leases include renewal options ranging from one to three years which are reasonably certain to be exercised by the Organization. With these renewal options all three leases will expire in 2027. Monthly rental payments range from \$1,650 to \$29,434 over the remaining lease terms.

The Organization also leases copying and other equipment under various operating leases, which expire from 2025 to 2026. Monthly rental payments range from \$278 to \$450 over the remaining lease terms.

The total operating lease expenses were \$489,847 for the year ended December 31, 2023 and are recorded within program services and supporting services expenses within the statement of activities. Operating cash flows from these leases totaled \$489,172 for the year ended December 31, 2023. The discount rates are based on the Organization's incremental borrowing rate. The weighted-average remaining lease term in years is 3.41 years, while the weighted-average discount rate is 7.03%. Future minimum lease payments under the agreements are as follows:

2024	\$ 487,922
2025	485,187
2026	487,529
2027	210,397
Total undiscounted cash flows	<u>1,671,035</u>
Less present value discount	<u>(189,545)</u>
Total lease liability	1,481,490
Less lease liability, current portion	<u>(396,667)</u>
Lease liability, net of current portion	<u><u>\$ 1,084,823</u></u>

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

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**NOTE G – NET ASSETS WITH DONOR RESTRICTIONS**

At December 31, 2023, net assets with donor restrictions are restricted for time restrictions in the form of promises to give totaling \$7,386 and \$174,538 in cash and cash equivalents for donor imposed specified purposes. Net assets released from restriction during the year ended December 31, 2023 were \$28,041.

**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 \$716,268 for the year ended December 31, 2023.

**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	\$ 19,733,549
Plus: Capital expenditures for the year:	
Head Start	542,995
Resource Conn-Manatee	49,892
Prepaid and accrued expenditures (net)	44,669
Less: Depreciation expense	(176,144)
Fundraising expense	(1,122)
Total program costs as reported on the grant and contracts reports	<u>\$ 20,193,839</u>

STEP UP SUNCOAST, INC.  
NOTES TO FINANCIAL STATEMENTS

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**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	\$ 11,552,179
In-kind expenses on the Statement of Functional Expenses	(848,977)
Non-federal Reimbursements	(409,089)
Head Start capital expenditures	542,995
Depreciation charged to Head Start Grants	80,527
Head Start Prepaid and Accrued Expenditures (net)	<u>(17,387)</u>
Head Start expenses on Schedule of Federal Awards	<u>\$ 10,900,248</u>

**NOTE K – HEAD START MATCH**

The Organization provided \$400,794 of actual cash match and \$912,493 of non-cash match for a total of \$1,313,287 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. At December 31, 2023 the Organization had deposits of \$1,087,126 in excess of FDIC insurance. 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 April 27, 2023, and was subsequently renewed to June 2, 2026.

**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

STEP UP SUNCOAST, INC.  
NOTES TO FINANCIAL STATEMENTS

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**NOTE N – CONTINGENCIES – CONTINUED**

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.

**NOTE O – LIQUIDITY AND AVAILABILITY OF RESOURCES**

The following table reflects the Organization’s financial assets as of December 31, 2023, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year.

Financial assets at December 31, 2023	\$	6,323,622
Less those unavailable for general expenditures within one year due to:		
Restricted by donor with time or purpose restrictions		181,924
Less assets that are not in spendable form:		
Prepaid expenses		259,667
Land, buildings, and equipment		1,888,012
Right-of-use assets		1,471,953
Deposits		56,715
		<u>56,715</u>
	\$	<u>2,465,351</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.

**SUPPLEMENTARY INFORMATION**

**STEP UP SUNCOAST, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND OTHER GRANTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM OR CLUSTER TITLE	ASSISTANCE LISTING NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER	PROGRAM AWARD	GRANT FISCAL PERIOD	PASSED THROUGH TO SUBRECIPIENTS	TOTAL FEDERAL EXPENDITURES	GRANT REVENUE
<b>FEDERAL AGENCIES</b>							
<b>U.S. Department of Health and Human Services:</b>							
Head Start Cluster							
Head Start and Early Head Start	93.600	04CH011915-02-02	\$ 5,856,232	01/01/22-12/31/22	\$ -	\$ 6,355,772	\$ 6,355,772
Head Start Early Head Start COVID C3	93.600	04HE000249-01-C3	\$ 1,468,618	04/01/21-03/31/23	-	392,754	392,754
Early Head Start (Expansion 1)	93.600	04HP000493-01-00	\$ 1,776,409	09/01/21-08/31/22	-	1,389,035	1,389,035
Early Head Start (Expansion 1)	93.600	04HP000493-02-00	\$ 1,826,022	09/01/22-08/31/23	-	743,129	743,129
Early Head Start (Expansion 2)	93.600	04HP000151-03-01	\$ 1,748,173	03/01/21-02/28/22	-	286,328	286,328
Early Head Start (Expansion 2)	93.600	04HP000151-04-02	\$ 1,797,119	03/01/22-02/28/23	-	1,733,230	1,733,230
Total Head Start Cluster					-	<u>10,900,248</u>	<u>10,900,248</u>
Pass-through programs from:							
State of Florida, Department of Economic Opportunity, Division of Housing and Community Development, Low Income Household Water Assistance Program (LIHWAP ARP)							
	93.499	E2025	\$ 480,198	05/28/21-11/30/23	-	252,012	252,012
State of Florida, Department of Economic Opportunity, Division of Housing and Community Development, Community Services Block Grant (CSBG)							
	93.569	E2025	\$ 1,596,858	04/01/21-06/30/23	-	344,015	344,015
	93.569	E2025	\$ 494,542	07/01/23-06/30/24	-	317,147	317,147
State of Florida, Department of Economic Opportunity, Division of Housing and Community Development, Low Income Home Energy Assistance (LIHEAP Formula)							
	93.568	E2025	\$ 4,507,136	04/01/21-06/30/23	-	524,226	524,226
	93.568	E2025	\$ 1,469,547	07/01/23-06/30/24	-	1,042,399	1,042,399
	93.568	E2025	\$ 1,376,520	03/11/21-09/30/23	-	202,119	202,119
State of Florida, Department of Economic Opportunity, Division of Housing and Community Development, Low Income Home Energy Assistance (WAP-LIHEAP FORMULA/HHS)							
	93.568	E2025	\$ 568,005	04/01/21-06/30/23	-	34,608	34,608
	93.568	E2025	\$ 329,414	07/01/23-06/30/24	-	72,333	72,333
Florida Association of Healthy Start Coalitions							
Maternal, Infant and Early Childhood Home Visiting Grant Program	93.870	1MIECHV-2223STEPUP	\$ 1,085,933	09/30/22-09/29/23	-	896,501	896,501
Maternal, Infant and Early Childhood Home Visiting Grant Program (ARP)	93.870	1ARP-2223STEPUP	\$ 59,990	09/30/22-06/30/23	-	9,162	9,162
Maternal, Infant and Early Childhood Home Visiting Grant Program	93.870	1MIECHV-2324STEPUP	\$ 1,052,206	09/30/23-09/29/24	-	261,881	261,881
Maternal, Infant and Early Childhood Home Visiting Grant Program (ARP)	93.870	1ARP2-2324STEPUP	\$ 30,699	12/01/23-03/31/24	-	18,000	18,000
University of South Florida							
Temporary Assistance for Needy Families	93.558	5830-1614-11-A	\$ 264,000	07/01/22-06/30/23	-	165,829	165,829
Temporary Assistance for Needy Families	93.558	5830-1614-21-A	\$ 316,500	07/01/23-06/30/24	-	123,770	123,770
Ounce of Prevention Fund of Florida, Healthy Families Florida							
MaryLee Allen Promoting Safe and Stable Families Program	93.556	HF-20-25-16	\$ 155,838	06/30/22-06/30/23	-	83,098	83,098
Childcare and Development Block Grant	93.575	HF-20-25-16	\$ 285,303	06/30/22-06/30/23	-	152,126	152,126
MaryLee Allen Promoting Safe and Stable Families Program	93.556	HF-20-25-16	\$ 154,235	06/30/23-06/30/24	-	77,345	77,345
Temporary Assistance for Needy Families	93.558	HF-20-25-16	\$ 282,357	06/30/23-06/30/24	-	141,595	141,595
Total pass-through programs- U.S. Department of Health and Human Services					-	<u>4,718,166</u>	<u>4,718,166</u>
Total of U.S. Department of Health and Human Services					-	<u>15,618,414</u>	<u>15,618,414</u>
<b>U.S. Department of Agriculture:</b>							
Pass-through programs from:							
State of Florida, Department of Health, Child and Adult							
Child Care and Adult Food Program	10.558	S-732	\$ 425,712	10/01/22-09/30/23	-	388,882	388,882
Child Care and Adult Food Program	10.558	S-732	\$ 594,669	10/01/23-09/30/24	-	153,953	153,953
Total Care Food Program					-	<u>542,835</u>	<u>542,835</u>
Total U.S. Department of Agriculture					-	<u>542,835</u>	<u>542,835</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.  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND OTHER GRANTS – CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2023

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM OR CLUSTER TITLE	ASSISTANCE LISTING NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER	PROGRAM AWARD	GRANT FISCAL PERIOD	PASSED THROUGH TO SUBRECIPIENTS	TOTAL FEDERAL EXPENDITURES	GRANT REVENUE
<b>FEDERAL AGENCIES – CONTINUED</b>							
<b>U.S. Department of Treasury – Internal Revenue Service:</b>							
Volunteer Income Tax Assistance (VITA) Matching Grant Program	21.009	23VITA0172	\$ 45,000	10/01/22–09/30/23	–	41,947	41,947
Volunteer Income Tax Assistance (VITA) Matching Grant Program	21.009	24VITA0224	\$ 55,000	10/01/23–09/30/24	–	4,430	4,430
Total Volunteer Income Tax Assistance (VITA) Matching Grant Program					–	46,377	46,377
Total U.S. Department of Treasury – Internal Revenue Service					–	46,377	46,377
<b>U.S. Department of Housing and Urban Development:</b>							
Housing Counseling Assistance Program	14.169	HC220421022	\$ 25,196	10/01/22–03/31/24	–	25,196	25,196
Total U.S. Department of Housing and Urban Development					–	25,196	25,196
<b>U.S. Department of Energy:</b>							
Pass-through programs from:							
State of Florida, Department of Economic Opportunity,							
Division of Housing and Community Development,							
Weatherization Assistance for Low-income Persons (WAP FORMULA/DOE)	81.042	E2025	\$ 286,079	04/01/21–06/30/23	–	111,767	111,767
Weatherization Assistance for Low-income Persons (WAP FORMULA/DOE)	81.042	E2025	\$ 121,863	07/01/23–06/30/24	–	47,012	47,012
Total U.S. Department of Energy					–	158,779	158,779
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>					<b>\$ –</b>	<b>16,391,601</b>	<b>16,391,601</b>
<b>NON-FEDERAL OTHER GRANTS AND CONTRACTS – WITH AND WITHOUT DONOR RESTRICTIONS</b>							
Ounce of Prevention Fund of Florida, Healthy Families Florida						566,562	566,562
Manatee County Board of County Commissioners:							
SHIP (State of Florida Funds)						15,000	15,000
Manatee County Children's Services:							
C.A.T.C.H. Program						133,886	133,886
Head Start						342,694	342,694
Healthy Families						364,625	364,625
HIPPY						163,503	163,503
Parents As Teachers						86,919	86,919
Whole Child						126,803	126,803
Community Foundation of Sarasota County:							
Season of Sharing Fund						704,805	704,805
United Way:							
Head Start						54,060	54,060
Manatee Community Foundation:							
Paul and Stephanie Lang Charitable Fund						2,000	2,000
Robert L. Clark Fund (VITA)						7,698	7,698
Cipolone Fund (VITA)						1,700	1,700
Gabler Family Fund (VITA)						602	602
Johnston Family Fund at the Manatee Community Foundation						100	100
Disaster Relief						10,000	10,000
Private Grants & Donations:							
Barancik Foundation						102,808	102,808
William G. and Marie Selby Foundation, Inc.						–	100,000
Buckle Up for Life – PAT Grant						8,088	15,000
Patterson Foundation – Remake Learning						4,223	6,147
Community Foundation of Sarasota County – CATCH OT Grant						2,974	20,000
Langsen Family Giving Fund at Fidelity Charitable						1,000	1,000
<b>TOTAL NON-FEDERAL OTHER GRANTS AND CONTRACTS – WITH AND WITHOUT DONOR RESTRICTIONS</b>						<b>2,700,050</b>	<b>2,825,912</b>
<b>TOTAL GRANTS AND CONTRACTS</b>					<b>\$</b>	<b>19,091,651</b>	<b>\$ 19,217,513</b>

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**

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**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, 2023. 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 12.8% for all programs through December 31, 2026.



**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, 2023, 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 4, 2024.

**Report on 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.

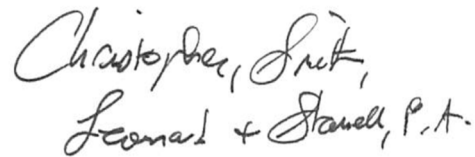
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

## Report on 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 of Christopher Smith in cursive script.

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

June 4, 2024  
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**

***Opinion on Each Major Federal Program***

We have audited Step Up Suncoast, Inc.'s (the Organization) compliance with the types of compliance requirements identified as subject to audit 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, 2023. 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.

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, 2023.

***Basis for Opinion on Each Major Federal Program***

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs.

***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with

generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control over Compliance**

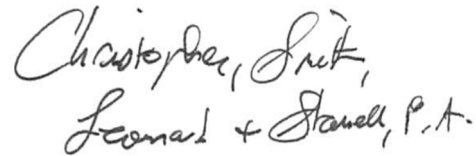
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However,

material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

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

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

June 4, 2024  
Bradenton, Florida

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

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**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  no

Significant deficiency(ies) identified?  yes  none reported

Noncompliance material to basic financial statements noted?  yes  no

**Federal Awards**

Internal Control over major programs:

Material weakness(es) identified?  yes  no

Significant deficiency(ies) identified?  yes  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  no

**Identification of Major Federal Programs:**

**AL Number**

Maternal, Infant and Early Childhood Home Visiting Program	93.870
Head Start Cluster	93.600

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee?  yes  no

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

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**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.