

**STEP UP SUNCOAST, INC.**

**AUDITED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
DECEMBER 31, 2021**

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

---

**TABLE OF CONTENTS**

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1 - 3
FINANCIAL STATEMENTS	
STATEMENT OF FINANCIAL POSITION	4
STATEMENT OF ACTIVITIES	5
STATEMENT OF FUNCTIONAL EXPENSES	6
STATEMENT OF CASH FLOWS	7
NOTES TO FINANCIAL STATEMENTS	8 - 18
SUPPLEMENTAL INFORMATION	
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND OTHER GRANTS	19 - 20
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND OTHER GRANTS	21
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 <i>GOVERNMENT AUDITING STANDARDS</i>	22 - 23
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	24 - 26
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	27 - 28

---

**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, 2021, 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, 2021, and the changes in its net assets and its cashflows 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 opinions.

***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.

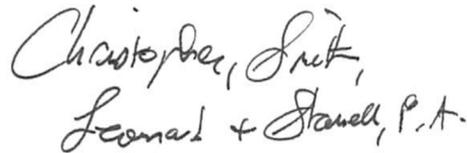
### **Supplementary Information**

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 22, 2022, 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.

Handwritten signature of Christopher Smith, with the firm name Leonard & Stanell, P.A. written below it.

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

June 22, 2022  
Bradenton, Florida

**STEP UP SUNCOAST, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2021**

<u>ASSETS</u>	
<b>CURRENT ASSETS</b>	
Cash and cash equivalents	\$ 39,370
Grants receivable	1,401,756
Other receivables	21,616
Promises to give – current portion	12,100
Prepaid expenses	147,592
Total current assets	1,622,434
<b>PROMISES TO GIVE, NET – LONG-TERM PORTION</b>	13,055
<b>LAND, BUILDINGS, AND EQUIPMENT, NET</b>	1,516,972
<b>DEPOSITS</b>	56,765
<b>TOTAL ASSETS</b>	<b>\$ 3,209,226</b>
<u>LIABILITIES AND NET ASSETS</u>	
<b>CURRENT LIABILITIES</b>	
Accounts payable	\$ 141,337
Accrued payroll and taxes	699,658
Accrued expenses	22,741
Current portion of note payable	60,486
Line of credit	125,000
Refundable advances	424,084
Total current liabilities	1,473,306
<b>LONG-TERM DEBT</b>	
Note payable – long-term portion	293,076
<b>TOTAL LIABILITIES</b>	1,766,382
<b>NET ASSETS</b>	
Net assets without donor restrictions	1,349,564
Net assets with donor restrictions	93,280
Total net assets	1,442,844
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 3,209,226</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, 2021**

**CHANGE IN NET ASSETS:**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>REVENUE</b>			
Grants and contracts	\$ 16,479,863	\$ 142,000	\$ 16,621,863
In-kind contributions	1,076,903	-	1,076,903
Program income	151,517	-	151,517
Donations and gifts	41,068	14,632	55,700
Special event revenue	43,019	-	43,019
Miscellaneous income	46,990	-	46,990
Net assets released from restrictions	152,073	(152,073)	-
<b>TOTAL REVENUE</b>	<b>17,991,433</b>	<b>4,559</b>	<b>17,995,992</b>
Gain on disposal of land, buildings, and equipment	9,977	-	9,977
<b>TOTAL REVENUE AND GAINS</b>	<b>18,001,410</b>	<b>4,559</b>	<b>18,005,969</b>
<b>EXPENSES AND LOSSES</b>			
<b>PROGRAM SERVICES</b>			
Early childhood education	8,238,164	-	8,238,164
Training and family support	2,783,121	-	2,783,121
Client assistance	3,062,662	-	3,062,662
Food services	397,912	-	397,912
Housing assistance	288,204	-	288,204
Volunteer services	54,897	-	54,897
Donated space, supplies and other	1,019,006	-	1,019,006
Total program services	15,843,966	-	15,843,966
<b>SUPPORTING SERVICES</b>			
General and administrative	1,923,840	-	1,923,840
Fundraising	179,387	-	179,387
Depreciation	219,800	-	219,800
Bad debt	1,750	-	1,750
Donated space, supplies and other	3,000	-	3,000
Total supporting services	2,327,777	-	2,327,777
<b>TOTAL EXPENSES</b>	<b>18,171,743</b>	<b>-</b>	<b>18,171,743</b>
<b>TOTAL CHANGE IN NET ASSETS</b>	<b>(170,333)</b>	<b>4,559</b>	<b>(165,774)</b>
<b>NET ASSETS, Beginning of year</b>	<b>1,519,897</b>	<b>88,721</b>	<b>1,608,618</b>
<b>NET ASSETS, End of year</b>	<b>\$ 1,349,564</b>	<b>\$ 93,280</b>	<b>\$ 1,442,844</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, 2021**

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	\$ 5,179,535	\$ 1,844,420	\$ 642,438	\$ 236,521	\$ 54,559	\$ 7,957,473	\$ 1,162,296	\$ 119,223	\$ 9,238,992
Taxes/fringe benefits	1,414,511	474,608	160,414	50,855	15,007	2,115,395	257,663	25,995	2,399,053
Transportation and travel	9,992	7,808	752	1,388	-	19,940	310	515	20,765
Supplies	10,054	4,787	5,792	-	965	21,598	22,982	413	44,993
Contractual	24,885	15,891	9,500	-	178,198	228,474	6,197	1,572	236,243
Professional	43,215	11,859	4,708	2,507	26,794	89,083	13,008	233	102,324
Occupancy	422,781	174,437	55,873	3,429	6,297	662,817	251,610	6,384	920,811
Insurance	132,972	13,618	4,237	7,555	3,544	161,926	32,206	302	194,434
Dues and subscriptions	10,525	13,634	1,571	29	404	26,163	11,628	1,937	39,728
Program supplies	370,789	57,376	8,449	223	14	436,851	-	-	436,851
Program services	526	600	-	250	-	1,376	-	-	1,376
Food/Non-food	166,302	-	-	84,531	-	250,833	-	-	250,833
Tuition, seminars, development	108,015	9,654	5,903	40	404	124,016	13,067	186	137,269
Assistance	-	80,354	2,120,827	-	-	2,201,181	-	-	2,201,181
Equipment and vehicle leases	7,328	16,119	5,781	6,250	442	35,920	10,663	-	46,583
Computer maintenance and support	71,305	32,037	19,674	178	800	123,994	62,826	9,506	196,326
Repair and maintenance	216,221	6,429	4,103	3,839	464	231,056	22,705	515	254,276
Taxes and licenses	277	22	-	118	-	417	121	-	538
Printing and postage	503	1,410	3,160	47	312	5,432	2,979	655	9,066
Fundraising	-	-	-	-	-	-	-	10,784	10,784
Other costs	48,428	18,058	9,480	152	-	76,118	53,579	1,167	130,864
	<b>\$ 8,238,164</b>	<b>\$ 2,783,121</b>	<b>\$ 3,062,662</b>	<b>\$ 397,912</b>	<b>\$ 288,204</b>	<b>\$ 14,770,063</b>	<b>\$ 1,923,840</b>	<b>\$ 179,387</b>	<b>\$ 16,873,290</b>
Volunteer services	29,233	-	25,664	-	-	54,897	-	-	54,897
Donated space, supplies, and other	1,019,006	-	-	-	-	1,019,006	-	3,000	1,022,006
Depreciation	-	-	-	-	-	-	219,800	-	219,800
Bad debt	-	-	-	-	-	-	-	1,750	1,750
	<b>1,048,239</b>	<b>-</b>	<b>25,664</b>	<b>-</b>	<b>-</b>	<b>1,073,903</b>	<b>219,800</b>	<b>4,750</b>	<b>1,298,453</b>
<b>ALLOCATION OF SUPPORTING SERVICES</b>	1,039,227	337,338	364,526	49,353	35,673	1,826,117	(1,848,889)	22,772	-
	<b>\$ 10,325,630</b>	<b>\$ 3,120,459</b>	<b>\$ 3,452,852</b>	<b>\$ 447,265</b>	<b>\$ 323,877</b>	<b>\$ 17,670,083</b>	<b>\$ 294,751</b>	<b>\$ 206,909</b>	<b>\$ 18,171,743</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, 2021**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in net assets	\$ (165,774)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation	219,800
Gain on disposal of land, buildings, and equipment	(9,977)
(Increase) decrease in operating assets:	
Grants receivable	103,548
Other receivables	5,574
Promises to give	19,532
Prepaid expenses	(12,802)
Deposits	(128)
Increase (decrease) in operating liabilities:	
Accounts payable	10,461
Accrued payroll and taxes	(79,149)
Accrued expenses	(15,328)
Refundable advances	38,027
Net cash provided (used) by operating activities	<u>113,784</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Proceeds from sale of land, buildings, and equipment	29,400
Purchases of land, buildings, and equipment	(64,617)
Net cash provided (used) by investing activities	<u>(35,217)</u>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Net payments on line of credit	(250,000)
Principal payments on note payable	(57,068)
Net cash provided (used) by investing activities	<u>(307,068)</u>
 <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	 (228,501)
 <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	 <u>267,871</u>
 <b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	 <u><u>\$ 39,370</u></u>
 <b><u>SUPPLEMENTAL CASH FLOW INFORMATION :</u></b>	
Interest paid	<u><u>\$ 34,838</u></u>
 <b><u>SUPPLEMENTAL NON-CASH INFORMATION :</u></b>	
Non-cash operating activities - In-kind contributions and expenses	<u><u>\$ 1,076,903</u></u>

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, 2021 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, 2021, 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 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

---

**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, 2021 and 2020, the Organization recorded receivables of \$0 and \$9,937, 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

---

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**

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 \$2,335 for the year ended December 31, 2021.

**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.

STEP UP SUNCOAST, INC.  
NOTES TO FINANCIAL STATEMENTS

---

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

**Income Taxes – Continued**

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.

**Subsequent Events**

The Organization has evaluated subsequent events through June 22, 2022 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 0.97%, based on U.S. Treasury Bill rates in the year the pledge was made. As of December 31, 2021, promises to give consisted of the following:

Receivable in less than one year	\$	12,100
Receivable in one to five years		<u>13,350</u>
		25,450
Less discounts to net present value		<u>(295)</u>
Net promises to give	\$	<u><u>25,155</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, 2021:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Land	\$ 122,851	\$ –	\$ 122,851
Land improvements	115,351	15,450	99,901
Buildings	1,359,970	681,736	678,234
Building improvements	406,971	130,768	276,203
Equipment	66,275	52,963	13,312
Furniture and fixtures	6,850	5,594	1,256
Leasehold improvements	585,731	351,436	234,295
Modular building	251,908	251,908	–
Playground equipment	258,385	229,197	29,188
Software	64,617	5,385	59,232
Vehicles	86,419	83,919	2,500
	<u>\$ 3,325,328</u>	<u>\$ 1,808,356</u>	<u>\$ 1,516,972</u>

Depreciation expense for 2021 was \$219,800.

**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 18, 2022. Interest is charged at the adjusted SOFR rate (0.50% at December 31, 2021) plus 6.957% per annum. During the year ended December 31, 2021, the Organization drew \$1,378,093 offset by \$1,628,093 in repayments for a net ending balance outstanding at December 31, 2021 of \$125,000.

**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 \$439,001 at December 31, 2021. Future principal maturities of the note payable are as follows:

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

---

**NOTE E – NOTE PAYABLE – CONTINUED**

<u>Year ending December 31,</u>	<u>Amount</u>
2022	\$ 60,486
2023	63,650
2024	66,979
2025	70,482
2026	74,169
Thereafter	17,796
Total	<u>353,562</u>
Less current portion	<u>60,486</u>
Note payable, long-term portion	<u><u>\$ 293,076</u></u>

**NOTE F – LEASES**

The Organization leases office space and other facilities under several non-cancellable operating leases, which expire from 2022 through 2024. Rental expense for these operating leases for the year ended December 31, 2021 was \$651,556. Future minimum lease payments of office space and other facilities are as follows:

<u>Year ending December 31,</u>	<u>Amount</u>
2022	\$ 463,648
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 in 2023. Lease expense under these equipment leases amounted to \$86,376 for the year ended December 31, 2021. Future minimum lease payments applicable to vehicles and equipment are as follows:

<u>Year ending December 31,</u>	<u>Amount</u>
2022	\$ 9,720
2023	\$ 834

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

---

**NOTE F – LEASES – CONTINUED**

The Organization has entered into certain equipment maintenance agreements and service contracts that extend beyond one year. These contracts expire from 2022 to 2023. Expense under these contracts for the year ended December 31, 2021 was \$274,922. Future minimum payments on these agreements are as follows:

<u>Year ending December 31,</u>	<u>Amount</u>
2022	\$ 42,861
2023	\$ 82

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

At December 31, 2021, net assets with donor restrictions are restricted for time restrictions in the form of promises to give totaling \$25,155 and \$68,125 in cash and cash equivalents for donor imposed specified purposes. Net assets released from restriction during the year ended December 31, 2021 were \$152,073.

**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 \$685,633 for the year ended December 31, 2021.

**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.

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

---

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

Total expenses on the reports are reconciled as follows:

Total expenses on the Statement of Activities	\$	18,171,743
Plus: Capital expenditures for the year:		
Administration		64,617
Non-professional volunteer services		2,335
Less: Depreciation expense		(219,800)
Unreimbursed general and administrative expense		(74,685)
Fundraising expense		(179,387)
		<u>                    </u>
Total program costs as reported on the grant and contracts reports	\$	<u>17,764,823</u>

**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	\$	10,325,630
In-kind expenses on the Statement of Functional Expenses		(1,048,239)
Non-federal reimbursements (net)		(264,257)
		<u>                    </u>
Head Start expenses on Schedule of Federal Awards	\$	<u>9,013,134</u>

**NOTE K – HEAD START MATCH**

The Organization provided \$317,881 of actual cash match and \$1,050,574 of non-cash match for a total of \$1,368,455 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.

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

---

**NOTE M – CONCENTRATIONS OF RISK – OTHER – CONTINUED**

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.

**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. Management of the Organization has implemented risk mitigation as to the risk of impact 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, 2021, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year.

Financial assets at December 31, 2021	\$	3,209,226
Less those unavailable for general expenditures within one year due to:		
Restricted by donor with time or purpose restrictions		93,280
Less assets that are not in spendable form:		
Prepaid expenses		147,592
Land, buildings, and equipment		1,516,972
Deposits		<u>56,765</u>
	\$	<u>1,394,617</u>

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

---

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

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, 2021**

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM OR CLUSTER TITLE	FEDERAL CFDA 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	04CH011915-01-00	\$ 5,695,581	01/01/21-12/31/21	\$ -	\$ 5,695,581	\$ 5,695,581
Head Start and Early Head Start (CARES)	93.600	04CH10042-06-C3	\$ 130,305	01/01/20-03/31/21	-	39,489	39,489
Early Head Start (Expansion 1)	93.600	04HP000083-04-01	\$ 1,755,468	09/01/20-08/31/21	-	1,103,131	1,103,131
Early Head Start (Expansion 1)	93.600	04HP000493-01-00	\$ 1,776,409	09/01/21-08/31/22	-	505,840	505,840
Early Head Start (Expansion 2)	93.600	04HP000151-02-02	\$ 1,727,585	03/01/20-02/28/21	-	244,170	244,170
Early Head Start (Expansion 2)	93.600	04HP000151-03-00	\$ 1,748,173	03/01/21-02/28/22	-	1,117,691	1,117,691
Early Head Start (Expansion 2-CARES)	93.600	04HP000151-02-C3	\$ 77,335	03/01/20-02/28/21	-	5,676	5,676
Head Start and Early Head Start (CRRSA)	93.600	04HE000249-01-C5	\$ 221,212	04/01/21-03/31/23	-	221,212	221,212
Head Start and Early Head Start (ARP)	93.600	04HE000249-01-C6	\$ 879,428	04/01/21-03/31/23	-	80,344	80,344
Total Head Start Cluster					-	9,013,134	9,013,134
Pass-through programs from:							
State of Florida, Department of Economic Opportunity, Division of Housing and Community Development, Community Services Block Grant (CSBG)							
Community Services Block Grant (CSBG)	93.569	17SB-0D-12-00-04-115	\$ 2,526,498	10/01/16-03/31/21	-	195,654	195,654
Community Services Block Grant (CSBG)	93.569	E2025	\$ 841,507	04/01/21-09/30/23	-	461,894	461,894
Community Services Block Grant CARES Act (CSBG CARES)	93.569	17SB-0D-12-00-04-	\$ 907,881	03/01/20-09/30/22	-	283,064	283,064
State of Florida, Department of Economic Opportunity, Division of Housing and Community Development, Low Income Home Energy Assistance Program (LIHEAP)							
Low Income Home Energy Assistance Program (LIHEAP)	93.568	17EA-0F-08-51-04-016	\$ 4,281,662	04/01/17-03/31/21	-	413,945	413,945
Low Income Home Energy Assistance Program (LIHEAP)	93.568	E2025	\$ 2,860,202	04/01/21-09/30/23	-	802,650	802,650
Low Income Home Energy Assistance Program CARES Act (LIHEAP CARES)	93.568	17EA-0F-08-51-04-	\$ 945,022	03/01/20-09/30/21	-	430,163	430,163
Low Income Home Energy Assistance Program ARP	93.568	E2025	\$ 1,376,520	03/11/21-09/30/22	-	120,484	120,484
State of Florida, Department of Economic Opportunity, Division of Housing and Community Development, Low Income Home Energy Assistance (WAP-LIHEAP)							
Low Income Home Energy Assistance (WAP-LIHEAP)	93.568	17WX-0G-12-00-04-017	\$ 1,101,123	04/01/17-03/31/21	-	3,840	3,840
Low Income Home Energy Assistance (WAP-LIHEAP)	93.568	E2025	\$ 448,550	04/01/21-09/30/23	-	212,139	212,139
Florida Association of Healthy Start Coalitions							
Maternal, Infant and Early Childhood Home Visiting Grant Program	93.870	1MIECHV-2021STEPUP	\$ 1,085,933	09/30/20-09/29/21	-	810,137	810,137
Maternal, Infant and Early Childhood Home Visiting Grant Program (ARP)	93.870	1MIECHV-2021STEPUP	\$ 25,605	09/30/20-09/29/21	-	23,374	23,374
Maternal, Infant and Early Childhood Home Visiting Grant Program	93.870	1MIECHV-2122STEPUP	\$ 1,085,933	09/30/21-09/29/22	-	269,465	269,465
University of South Florida, Home Instruction for Parents of Preschool Youngsters							
Temporary Assistance for Needy Families	93.558	5830-1539-21-A	\$ 271,800	07/01/20-06/30/21	-	123,320	123,320
Temporary Assistance for Needy Families	93.558	5830-1614-01-A	\$ 227,500	07/01/21-06/30/22	-	77,489	77,489
Ounce of Prevention Fund of Florida, Healthy Families Florida, Promoting Safe and Stable Families							
Promoting Safe and Stable Families	93.556	HF-20-21-16	\$ 45,889	07/01/20-06/30/21	-	22,865	22,865
Promoting Safe and Stable Families	93.556	HF-20-22-16	\$ 49,822	07/01/21-06/30/22	-	75,365	75,365
Temporary Assistance for Needy Families	93.558	HF-20-21-16	\$ 295,291	07/01/20-06/30/21	-	147,136	147,136
Temporary Assistance for Needy Families	93.558	HF-20-22-16	\$ 320,602	07/01/21-06/30/22	-	137,971	137,971
Child Abuse and Neglect State Grants	93.669	HF-20-21-16C	\$ 604,940	08/01/20-06/30/21	-	213,188	213,188
Total pass-through programs- U.S. Department of Health and Human Services					-	4,824,143	4,824,143
Total of U.S. Department of Health and Human Services					-	13,837,277	13,837,277
<b>U.S. Department of Agriculture:</b>							
Pass-through programs from:							
State of Florida, Department of Health, Child and Adult Care Food Program							
Care Food Program	10.558	S-732	\$ 680,588	10/01/20-09/30/21	-	343,947	343,947
Care Food Program	10.558	S-732	\$ 453,948	10/01/21-09/30/22	-	103,416	103,416
Total Care Food Program					-	447,363	447,363
Total U.S. Department of Agriculture					-	447,363	447,363

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, 2021

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM OR CLUSTER TITLE	FEDERAL CFDA 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 Program	21.009	21VITA0032	\$ 37,134	10/01/20-09/30/21	-	34,625	34,625
Volunteer Income Tax Assistance (VITA) Matching Program	21.009	22VITA0129	\$ 45,000	10/01/21-09/30/22	-	7,698	7,698
Total Volunteer Income Tax Assistance (VITA) Matching Program					-	42,323	42,323
Total U.S. Department of Treasury – Internal Revenue Service					-	42,323	42,323
<b>U.S. Department of Housing and Urban Development:</b>							
Housing Counseling Assistance Program	14.169	HC200421043	\$ 18,187	10/01/19-03/31/21	-	8,874	8,874
Total Housing Counseling Assistance Program					-	8,874	8,874
<b>U.S. Department of Energy:</b>							
State of Florida, Department of Economic Opportunity, Division of Housing and Community Development							
Weatherization Assistance for Low-Income Persons (WAP-DOE)	81.042	17WX-0G-12-00-04-017	\$ 345,572	04/01/17-03/31/21	-	44,112	44,112
Weatherization Assistance for Low-Income Persons (WAP-DOE)	81.042	E2025	\$ 163,505	04/01/21-09/30/23	-	44,998	44,998
Total Weatherization Assistance For Low-Income Persons (WAP-DOE)					-	89,110	89,110
Total U.S. Department of Energy					-	89,110	89,110
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>					<b>\$ -</b>	<b>\$ 14,424,947</b>	<b>\$ 14,424,947</b>
<b>NON-FEDERAL OTHER GRANTS AND CONTRACTS – WITH AND WITHOUT DONOR RESTRICTIONS</b>							
Ounce of Prevention Fund of Florida, Healthy Families Florida							\$ 516,369
Manatee County Board of County Commissioners:							
SHIP (State of Florida Funds)							6,939
Manatee County Children's Services:							
C.A.T.C.H. Program							87,840
Head Start							191,947
Healthy Families							224,391
HIPPY							167,205
Parents As Teachers							80,255
Whole Child							139,627
Sarasota County Community Foundation:							
Season of Sharing Fund							609,651
United Way:							
VITA							26,250
Bank of America Grants							60,000
Manatee Community Foundation:							
The Johnston Family Fund of the Manatee Community Foundation							20,100
The Mark and Susan Butt Philanthropy Fund of the Manatee Community Foundation							20,000
The John J. Gorr Foundation of the Manatee Community Foundation							18,000
The Manatee County COVID-19 Community Response Fund of the Manatee Community Foundation							10,000
The PNC Early Childhood Fund of the Manatee Community Foundation							5,000
The Betty Garver Fund of the Manatee Community Foundation							5,000
The Evans Family Charitable Fund of the Manatee Community Foundation							4,000
<b>TOTAL NON-FEDERAL OTHER GRANTS AND CONTRACTS – WITH AND WITHOUT DONOR RESTRICTIONS</b>							<b>2,192,574</b>
<b>TOTAL GRANTS AND CONTRACTS</b>							<b>\$ 16,617,521</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

---

**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, 2021. 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 12.4% for all programs through December 31, 2024.

**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, 2021, 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 22, 2022.

**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.

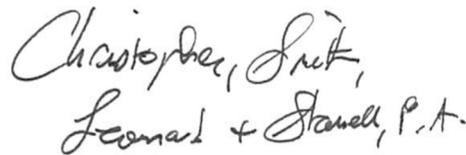
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been 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 22, 2022  
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, 2021. 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, 2021.

***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.

*Christopher, Smith,  
Leonard & Stanell, P.A.*  
**CHRISTOPHER, SMITH,  
LEONARD & STANELL, P.A.**

June 22, 2022  
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  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:**

**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?  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.