2024

Early Learning Coalition of the Nature Coast, Inc.

Financial Statements and Independent Auditor's Report

June 30, 2024

PURVIS GRAY

CERTIFIED PUBLIC ACCOUNTANTS

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

EARLY LEARNING COALITION OF
THE NATURE COAST, INC.
CRYSTAL RIVER, FLORIDA

JUNE 30, 2024

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PURVIS GRAY

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Early Learning Coalition of the Nature Coast, Inc.
Crystal River, Florida

Opinion
We have audited the accompanying financial statements of Early Learning Coalition of the Nature Coast, Inc. (the Coalition), a non-profit organization, which comprise the statement of financial position as of June 30, 2024, and the related statements 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 referred to above present fairly, in all material respects, the financial position of the Coalition as of June 30, 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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 Coalition 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 Coalition'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 Coalition'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 Coalition'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.

Report on 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 state financial assistance, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and Chapter 10.650*, Rules of the Auditor General*, 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 schedule of expenditures of federal awards and state financial assistance is fairly stated, in all material respects, in relation to the financial statements as a whole.

Board of Directors
Early Learning Coalition of the Nature Coast, Inc.
Crystal River, Florida

INDEPENDENT AUDITOR'S REPORT

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2025, on our consideration of the Coalition's internal control over financial reporting and our tests of 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 Coalition'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 Coalition's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited the Coalition's 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 29, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Purvis Gray

March 25, 2025
Ocala, Florida

STATEMENT OF FINANCIAL POSITION
JUNE 30, 2024,
WITH COMPARATIVE TOTALS FOR JUNE 30, 2023
EARLY LEARNING COALITION OF THE NATURE COAST, INC.
CRYSTAL RIVER, FLORIDA

ASSETS

	2024	2023
Current Assets		
Cash and Cash Equivalents	$ 1,393,935	$ 1,126,501
Grants Receivable	162,550	385,550
Prepaid Expenses	18,849	16,905
Deposits	10,419	8,419
Total Current Assets	1,585,753	1,537,375
Non-Current Assets		
Right-of-Use Asset, Net of Depreciation	272,766	50,271
Total Non-Current Assets	272,766	50,271
Total Assets	1,858,519	1,587,646

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts Payable	963,682	1,021,959
Accrued Payroll and Related Expenses	223,057	156,208
Compensated Absences	172,555	153,347
Operating Lease Liabiity, Current Portion	12,876	51,139
Total Current Liabilities	1,372,170	1,382,653
Non-Current Liabilities		
Operating Lease Liability, Net of Current Portion	262,499	-
Total Non-Current Liabilities	262,499	-
Total Liabilities	1,634,669	1,382,653
Net Assets		
Without Donor Restrictions	223,850	204,993
Total Net Assets	223,850	204,993
Total Liabilities and Net Assets	$ 1,858,519	$ 1,587,646

See accompanying notes.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024,
WITH COMPARATIVE TOTALS FOR JUNE 30, 2023
EARLY LEARNING COALITION OF THE NATURE COAST, INC.
CRYSTAL RIVER, FLORIDA

	2024	2023
Operating Revenues		
Division of Early Learning Grant/Contract:		
School Readiness Program	$ 15,236,785	$ 23,136,404
Voluntary Pre-Kindergarten Program	4,766,579	4,697,801
Unrestricted Funding	-	490,995
Preschool Development Program	-	25,515
Other Program Revenues	37,926	47,693
Total Operating Revenues	20,041,290	28,398,408
Operating Expenses		
Program Services:		
School Readiness Program	14,751,955	22,360,477
Voluntary Pre-Kindergarten Program	4,634,843	5,322,215
Preschool Development Program	-	42,715
General and Administrative	635,635	665,005
(Total Operating Expenses)	(20,022,433)	(28,390,412)
Increase in Assets Without Donor Restrictions	18,857	7,996
Net Assets, Beginning of Year	204,993	196,997
Net Assets, End of Year	$ 223,850	$ 204,993

See accompanying notes.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024,
WITH COMPARATIVE TOTALS FOR JUNE 30, 2023
EARLY LEARNING COALITION OF THE NATURE COAST, INC.
CRYSTAL RIVER, FLORIDA

	Program Services				
	School Readiness Program	Voluntary Pre-Kindergarten Program	General and Administrative	2024 Total	2023 Total
Functional Expenses					
Contracted Children Services	$ 9,746,447	$ 4,589,295	$ -	$ 14,335,742	$ 14,851,380
Provider and Teacher Grants	2,881,175	-	-	2,881,175	10,945,227
Advertising	7,339	-	186	7,525	7,849
Salaries and Benefits	1,973,465	43,278	510,724	2,527,467	2,309,781
Professional Fees	346	-	31,990	32,336	29,800
Staff Development and Training	656	-	26,482	27,138	29,655
Quality Development	14,880	-	-	14,880	36,311
Insurance	1,361	-	5,647	7,008	6,618
Internet/Computer Expense	19,747	-	7,120	26,867	21,394
Office Supplies	5,695	-	1,584	7,279	6,375
Publications	-	-	5,600	5,600	4,930
Telephone	22,459	-	6,526	28,985	28,674
Travel	6,828	2,270	1,803	10,901	12,844
Printing and Postage	2,702	-	1,737	4,439	3,764
Utilities	7,164	-	2,278	9,442	11,248
Equipment and Furniture	6,012	-	878	6,890	4,151
Maintenance	9,595	-	3,668	13,263	4,924
Lease Costs - Amortization	44,059	-	14,687	58,746	57,632
Interest Expense	-	-	8,723	8,723	3,319
Other Miscellaneous	2,025	-	6,002	8,027	14,536
Total Functional Expenses	$ 14,751,955	$ 4,634,843	$ 635,635	$ 20,022,433	$ 28,390,412

See accompanying notes.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024,
WITH COMPARATIVE TOTALS FOR JUNE 30, 2023
EARLY LEARNING COALITION OF THE NATURE COAST, INC.
CRYSTAL RIVER, FLORIDA

	2024	2023
Cash Flows from Operating Activities		
Support and Revenue Collected:		
Contract and Grant Fees	$ 20,262,346	$ 28,851,676
Payments for Expenses:		
Vendors and Suppliers	(17,486,653)	(26,793,386)
Employees	(2,508,259)	(2,270,362)
Net Cash Provided by (Used in) Operating Activities	267,434	(212,072)
Net Increase (Decrease) in Cash and Cash Equivalents	267,434	(212,072)
Cash and Cash Equivalents, Beginning of Year	1,126,501	1,338,573
Cash and Cash Equivalents, End of Year	$ 1,393,935	$ 1,126,501
Reconciliation of Change in Net Assets to Net Cash Provided by (Used in) Operating Activities		
Increase (Decrease) in Net Assets	$ 18,857	$ 8,864
Reconciling Adjustments:		
Increase (Decrease) in Operating Assets:		
Grants Receivable	223,000	448,321
Prepaid Expenses	(1,944)	4,947
Deposits	(2,000)	-
Increase (Decrease) in Operating Liabilities:		
Accounts Payable and Accrued Expenses	29,521	(674,204)
Net Cash Provided by (Used in) Operating Activities	$ 267,434	$ (212,072)
Supplemental Disclosure of Cash Flow Information		
Acquisition of Equipment Through Lease Obligation	$ 272,766	$ 51,138

See accompanying notes.

NOTES TO FINANCIAL STATEMENTS
EARLY LEARNING COALITION OF THE NATURE COAST, INC.
CRYSTAL RIVER, FLORIDA

Note 1 - Summary of Significant Accounting Policies

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements is as follows:

Reporting Entity

Early Learning Coalition of the Nature Coast, Inc. (the Coalition) is a Florida non-profit corporation. The Coalition is responsible for the development, implementation, and administrative oversight of federal and state grant funded school readiness and voluntary pre-kindergarten programs in Citrus, Sumter, Dixie, Levy, and Gilchrist counties. The Coalition's mission is to collaborate with parents to integrate a system of services and facilitate quality early education programs that include linkages to all areas of child development.

The Coalition is established to prepare preschool children to enter kindergarten ready to learn, as measured by criteria established by the Florida Department of Education, Division of Early Learning, which operates under the direction of the Governor of the State of Florida and acts as the lead agency pursuant to Florida Statutes, Section 1002.82. The Coalition is primarily supported by federal and state grants from the Florida Department of Education, Division of Early Learning passed through from the Department of Health and Human Services and the State of Florida.

The financial statements of the Coalition are prepared in accordance with generally accepted accounting principles as applied to not-for-profit organizations. The Financial Accounting Standards Board (FASB) is the standard-setting body for not-for-profit accounting and financial reporting.

The Coalition is providing all aspects of childcare provider payments for school readiness and voluntary pre-kindergarten; all aspects of provider and client eligibility for school readiness and voluntary pre-kindergarten; all aspects of the childcare resource and referral program; and all aspects of quality initiatives for school readiness and voluntary pre-kindergarten, including parent education.

Programs Operated

The Coalition operates the following programs:

- **School Readiness Program**
  Provides financial assistance for child-care costs to families who meet the qualifying guidelines, including after school care for school age children and provides early education services primarily to four-year old's.

- **Voluntary Pre-Kindergarten Program**
  Provides children who reside in Florida, and will attain the age of four years on or before September 1 of the school year, a voluntary pre-kindergarten education program.

Basis of Accounting

For financial reporting purposes, the Coalition uses the accrual basis of accounting, which recognizes revenue when earned and expenses as incurred. Federal and state government grants are recorded as support when performance occurs under the terms of the grant agreement.

NOTES TO FINANCIAL STATEMENTS
EARLY LEARNING COALITION OF THE NATURE COAST, INC.
CRYSTAL RIVER, FLORIDA

Financial Statement Presentation
Financial statement presentation follows *Accounting Standards Codification* (ASC) 958-205, *Financial Statement of Not-For-Profit Organizations*. Under ASC 958-205, the Coalition is required to report information regarding its financial positions and activities as follows:

- **Without Donor Restrictions**
  Net assets that are not subject to donor-imposed stipulations.

- **With Donor Restrictions**
  Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Coalition and/or passage of time. When a restriction expires, with donor restriction assets are reclassified to without donor restrictions and reported in the statement of activities as net assets released from restriction.

Revenues
Revenues from federal and state grants and contracts are recorded based upon terms of the grantor allotment, which generally provide that revenues are earned when the allowable costs of the specific grant provisions have been incurred. Revenues are subject to audit by the grantor and, if the examination results in a disallowance of any expenditure, repayment could be required. Management believes that all monies have been earned as of June 30, 2024. For the year ended June 30, 2024, 99% of the Coalition's revenues are from one funding agency.

Functional Cost Allocation
Management allocates certain management and general costs among the various programs. Indirect costs for School Readiness and Voluntary Pre-Kindergarten Programs are included in management and general. Costs subject to allocation include certain salaries and payroll taxes, telephone and utilities, insurance, repairs and maintenance, and professional fees. Direct costs are specifically charged to the program which incurred the costs. Indirect costs are based on labor allocations by program.

Cash and Cash Equivalents
The Coalition considers cash and cash equivalents to include cash deposits and investments with original maturities of three months or less.

Fair Value of Financial Instruments
The carrying amounts of financial instruments, including cash and cash equivalents, grants receivables, and accounts payable and accrued expenses, approximate their fair value because of the relatively short maturity of these instruments.

Revenue Recognition
Deferred revenue represents advanced local grant funding received in advance but not utilized. Amounts will be recognized when spent for their intended uses.

In accordance with Accounting Standards Update Statement No. 2018-08, *Not-for-Profit Entities* (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, grants and contracts awarded by federal and other grantors, which are generally considered non-reciprocal transactions restricted for certain purposes, are recognized as revenue when qualifying expenditures are incurred and conditions under the agreements are met. Contributions are

conditional if the agreement includes both a barrier that must be overcome for the recipient to be entitled to the assets transferred, a right of return for the transferred assets, or a right of release of the promisor's obligation to transfer assets. Conditional promises to give are not recognized until they become unconditional; that is, when the barriers on which they depend are met. The conditional contributions are related to funding for the establishment of new programs or continuation of current programs with the Coalition's overall mission, subject to the terms of each agreement.

Expenditures made in advance of funds received are recorded as grants receivable.

Property and Equipment
Property and equipment are recorded at cost. The Coalition capitalizes all property and equipment having an original cost of $5,000 or greater. Depreciation is provided over their estimated lives (five years for equipment) using the straight-line method.

Grants Receivable
Receivables are recorded by the Coalition for funds to be received from various federal and state grants as revenues are earned. An allowance for uncollectible receivables has not been recorded, as all amounts are deemed collectible.

Contracts and Grants
The majority of the Coalition's revenue is derived from advanced funded and cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. In accordance with the FASB ASC 958-605, *Not-for-P*rofits, revenue is recognized when the Coalition has incurred eligible expenditures in compliance with specific contracts or grant provisions. Amounts that have been received but not yet earned are reported in the financial statements as deferred revenues. Any expenses that have been incurred but not yet reimbursed are reported as unbilled grants receivable.

Right-of-Use (ROU) Assets and Lease Liability
ROU assets represent the Coalition's right to use the underlying assets for the lease term and lease liabilities represent the net present value of the Coalition's obligation to make payments arising from these leases. The lease liabilities are based on the present value of fixed lease payments over the lease term using its incremental borrowing rate on the lease commencement date. Operating lease expense is recognized on a straight-line basis over the term of the lease. As permitted by FASB ASC 842, leases with an initial term of twelve months or less (short-term leases) are not recorded on the accompanying consolidated statement of financial position.

Income Taxes
The Coalition is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, the financial statements do not reflect a provision for income taxes.

It is the policy of management to evaluate its tax positions on an ongoing basis and to disclose any such positions it believes would have a material impact on the financial statements and related notes. Management also believes that no such required disclosures currently exist.

The Coalition is no longer subject to U.S. federal and state income tax examinations by tax authorities for years before 2021. The Coalition would recognize interest accrued related to unrecognized tax benefits in interest expense and penalties, if any, in operating expenses.

Accounting Estimates
The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Management's Review
The Coalition has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through March 25, 2025, the date the financial statements were available to be issued.

Comparative Financial Statements
The financial statements include certain prior-year summarized information in total. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Coalition's financial statements for the year ended June 30, 2023, from which the summarized information was derived. Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

Note 2 - Cash and Cash Equivalents

At June 30, 2024, the carrying amount of cash on hand and on deposit with banks was $1,393,935 and the related bank balance was $2,149,093. The Coalition occasionally maintains deposit balances in excess of those insured up to the Federal Deposit Insurance Corporation limits. Additionally, the Coalition believes that deposits are covered under Florida Statute 280.415 and has filed the related forms. The Coalition has no investments.

Note 3 - Compensated Absences

The Coalition has a policy in place for employees to receive compensation for future absences. The new policy allows exempt employees to accrue a maximum of 720 hours and non-exempt employees may accrue a maximum of 240 hours. The accumulated earned vacation liability for the period ended June 30, 2024 and 2023, is $172,555 and $153,347, respectively.

Note 4 - Retirement

The Coalition maintains a Voluntary Retirement Annuity Plan 403(b) (the Plan) for its employees. All employees are eligible for participation and employer matching contributions to the Plan on the date of employment. Contributions to the Plan are matched based on a percentage of employee salaries. On behalf of the employees, the Coalition contributed to the plan for the year ended June 30, 2024 and 2023, $157,665 and $157,328, respectively.

Note 5 - Leasing Activities

The Coalition leases building space and office equipment. The Coalition assesses whether an agreement qualifies as a lease (i.e., conveys the right to control the use of an identified asset for a period of time in exchange for consideration) at inception and only reassesses its determination if the terms and conditions of the arrangement are charged. The Coalition generally accounts for non-lease components, such as maintenance, separately from these components.

The Coalition entered into a new lease agreement for office space, that resulted in the recognition of a ROU asset and corresponding operating lease liability totaling $279,034 in accordance with ASC 842.

The lease liability was initially calculated at incremental borrowing rate of 4.75%, which was the prime rate as of July 1, 2022. The building lease expired April 1, 2024, and the Coalition adopted a new building lease with an incremental borrowing rate of 8.50%, which was the prime rate as of April 1, 2024 (new lease commencement). The Office Equipment lease expired June 1, 2024, and the Coalition did not renew until August 1, 2024.

The ROU asset and lease liability balances as of June 30, 2024, for the Corporation are as follows:

Leases	Classifications	June 30, 2024
Assets		
Operating	Operating Lease Asset – Building	$ 272,766

Leases	Classifications	June 30, 2024
Current Liabilities		
Current Liabilities	Operating Lease Liability – Building	$ 275,375

Weighted Average Remaining Lease Term (in months)	118.0

Future maturities of the operating lease liability as of June 30, 2024, under the lease is as follows:

Year Ending June 30,	Amount
2025	$ 29,682
2026	30,869
2027	32,612
2028	33,916
2029	35,273
Thereafter	155,777
Total Payments	318,129
Less: Imputed Interest	(42,754)
Total Lease Payments	$ 275,375

Note 6 - Subsidized Services Program Matching Requirements

The Coalition's contract with the Division of Early Learning includes a provision requiring a local match for the subsidized childcare program; the Coalition obtained the required match.

Note 7 - Net Assets

The detail of the Coalition's net assets at June 30, 2024, is as follows:

Without Donor Restrictions	
Undesignated	$ 223,850

Note 8 - Commitments and Contingencies

Concentrations

The Coalition receives a substantial amount of its support from federal and state grants. A significant reduction in the level of this support, if this were to occur, may have an effect on the Coalition's programs and activities.

Grant Compliance

Grants require the fulfillment of certain conditions set forth in the grant agreement. Failure to fulfill the conditions could result in the return of the funds to grantors. The Coalition has deemed this contingency remote. By accepting the grants and grant agreements, the Coalition indicated its intentions to fulfill all conditions set forth in the grant agreements. The Coalition believes that it has fulfilled all conditions set forth in the grant agreements that would have a direct and material effect on the financial statements.

Note 9 - Liquidity and Available Resources

Financial assets consist of cash on deposit and grants receivable as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions.

Financial Assets, as of June 30, 2024	$ 1,556,485
Less Those Unavailable General Expenditures:	
Within One Year Restricted for Grant Programs	-
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	$ 1,556,485

ADDITIONAL ELEMENTS OF REPORT PREPARED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*, ISSUED BY THE COMPTROLLER GENERAL OF THE UNITED STATES; THE PROVISIONS OF OFFICE OF MANAGEMENT AND BUDGET (OMB) UNIFORM GUIDANCE; AND THE *RULES OF THE AUDITOR GENERAL* OF THE STATE OF FLORIDA

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*

Board of Directors
Early Learning Coalition of the Nature Coast, Inc.
Crystal River, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, the financial statements of Early Learning Coalition of the Nature Coast, Inc. (the Coalition), a non-profit organization, which comprise the statement of financial position as of June 30, 2024, 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 March 25, 2025.

Report on Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered the Coalition's 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 Coalition's internal control. Accordingly, we do not express an opinion on the effectiveness of the Coalition'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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. 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 Coalition's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material

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*

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 non-compliance 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 Coalition'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 Coalition's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Purvis Gray

March 25, 2025
Ocala, Florida

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND CHAPTER 10.650, *RULES OF THE AUDITOR GENERAL*

Board of Directors
Early Learning Coalition of the Nature Coast, Inc.
Crystal River, Florida

Report on Compliance for Each Major Federal Program and State Project

Opinion on Each Major Federal Program and State Project
We have audited Early Learning Coalition of the Nature Coast, Inc.'s (the Coalition) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the requirements described in the Department of Financial Services' *State Projects Compliance Supplement* that could have a direct and material effect on each of Coalition's major federal programs and state projects for the year ended June 30, 2024. The Coalition's major federal programs and state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Coalition 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 June 30, 2024.

Basis for Opinion on Each Major Federal Program and State Project
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; 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); and Chapter 10.550, *Rules of the Auditor General*. 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 Coalition 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 and state projects. Our audit does not provide a legal determination of the Coalition's compliance with the compliance requirements referred to above.

Board of Directors
Early Learning Coalition of the Nature Coast, Inc.
Crystal River, Florida

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND CHAPTER 10.650, *RULES OF THE AUDITOR GENERAL*

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 Coalition's federal programs and state projects.

Auditor's Responsibilities for the Audit of Compliance
Our objectives are to obtain reasonable assurance about whether material non-compliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Coalition'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*, the Uniform Guidance, and Chapter 10.650, *Rules of the Auditor General,* will always detect material non-compliance when it exists. The risk of not detecting material non-compliance 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. Non-compliance 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 Coalition's compliance with the requirements of each major federal program and state project as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and Chapter 10.650, *Rules of the Auditor General*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material non-compliance, 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 Coalition'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 Coalition'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 and Chapter 10.650, *Rules of the Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of the Coalition'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.

Board of Directors
Early Learning Coalition of the Nature Coast, Inc.
Crystal River, Florida

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND CHAPTER 10.650, *RULES OF THE AUDITOR GENERAL*

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, non-compliance 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 non-compliance with a type of compliance requirement of a federal program or state project 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 and Chapter 10.650, *Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose.

Purvis Gray

March 25, 2025
Ocala, Florida

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2024
EARLY LEARNING COALITION OF THE NATURE COAST, INC.
CRYSTAL RIVER, FLORIDA

Grantor/Pass-Through Program Title	AL/CSFA Number	Contract Number	Program or Award Amount	Expenditures
FEDERAL AWARDS				
U.S. Department of Health and Human Services				
Passed Through the Florida Department of Education, Division of Early Learning				
Temporary Assistance for Needy Families	93.558	EL014	$ 1,269,464	$ 1,269,464
Social Service Block Grant	93.667	EL014	4,387	4,387
Child Care Development Fund Cluster:				
Child Care and Development Block Grant	93.575	EL014	4,155,237	4,155,237
Child Care and Development Block Grant	93.575	EL015	55,813	55,813
COVID-19 - Child Care and Development Block Grant	93.575	EL014	5,567,852	5,567,852
Child Care Mandatory and Matching Funds of the Child Care Development Fund	93.596	EL014	2,552,090	2,552,090
Total Child Care Development Fund Cluster			12,330,992	12,330,992
Total U.S. Department of Health and Human Services			13,604,843	13,604,843
Total Expenditures of Federal Awards			13,604,843	13,604,843
STATE FINANCIAL ASSISTANCE				
Florida Department of Education, Division of Early Learning				
Voluntary Pre-Kindergarten Education Program	48.108	EL014	4,697,493	4,697,493
Voluntary Pre-Kindergarten Education Program	48.108	EL015	69,086	69,086
Total Voluntary Pre-Kindergarten Education Program			4,766,579	4,766,579
Total Expenditures of State Financial Assistance			4,766,579	4,766,579
Total Expenditures of Federal Awards and State Financial Assistance			$ 18,371,422	$ 18,371,422

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2024
EARLY LEARNING COALITION OF THE NATURE COAST, INC.
CRYSTAL RIVER, FLORIDA

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards and state financial assistance includes the federal grant activity of Early Learning Coalition of the Nature Coast, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance; Chapter 69I-5, *Rules of the Florida Department of Financial Services*; and Chapter 10.650, *Rules of the Auditor General*. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the financial statements.

Note 2 - Indirect Cost Rate

The Early Learning Coalition of the Nature Coast, Inc. has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3 - State Matching Funds for Federal Awards

The following funds were provided by the State of Florida as matching funds for the federal programs as follows:

Name of Program	Assistance Listing Number	Amount
Temporary Assistance for Needy Families	93.558	$ 1,144,645
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	487,297

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARD PROGRAMS AND STATE FINANCIAL ASSISTANCE
EARLY LEARNING COALITION OF THE NATURE COAST, INC.
CRYSTAL RIVER, FLORIDA

Summary of Audit Results

Financial Statements

Type of Audit Report Issued:	Unmodified Opinion
Internal Control Over Financial Reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	No
Non-compliance material to financial statements noted?	No

Federal Awards and State Projects

Internal Control Over Major Programs and State Projects:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	No
Type of Audit Report Issued on Compliance for Major Programs and State Projects:	Unmodified Opinion
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance and Chapter 10.650 for non-profit and for-profit organizations?	No
Identification of Major Programs and State Projects:	
Federal Program or Cluster	**Assistance Listing No.**
Child Care Development Fund Cluster	93.575/93.596
Temporary Assistance for Needy Families	93.558
State Project	**CSFA No.**
Voluntary Pre-Kindergarten Education Program	48.108
Dollar Threshold Used to Distinguish Between Type A and Type B Programs – Federal Programs	$750,000
Dollar Threshold Used to Distinguish Between Type A and Type B Programs – State Programs	$750,000
Auditee qualified as low-risk auditee pursuant to the Uniform Guidance?	Yes

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARD PROGRAMS AND STATE FINANCIAL ASSISTANCE
EARLY LEARNING COALITION OF THE NATURE COAST, INC.
CRYSTAL RIVER, FLORIDA

Section II – Financial Statement Findings

There were no findings that were required to be reported to those charged with governance.

Section III – Federal Award and State Project Findings and Questioned Costs

There were no findings that were required to be reported to those charged with governance.

Section IV – State of Florida, Department of Education – Division of Early Learning Reporting Requirements

1. EFS Modernization (EFS Mod) reconciled monthly to Coalition financial records: Yes

2. Processes in place to identify and correct errors during monthly reconciliations: Yes

3. Coalition's financial records reconcile and agree to EFS Mod as of June 30, 2024: Yes

4. Audit work papers documenting verification of reconciliation available to DEL staff: Yes

Section V – Other Issues

A. No summary schedule of prior audit findings is required because there were no prior audit findings related to federal programs or state projects.

B. No management letter has been included in the report because no findings or comments were noted pursuant to Chapter 10.650, *Rules of the Auditor General*.

PURVIS GRAY

CERTIFIED PUBLIC ACCOUNTANTS

Gainesville | Ocala | Tallahassee | Sarasota | Orlando | Tampa

purvisgray.com