# EARLY LEARNING COALITION OF NORTHWEST FLORIDA, INC.

## Financial Statements and Supplemental Information

## Years Ended June 30, 2024 and 2023

# TABLE OF CONTENTS

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CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

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To the Board of Directors of
Early Learning Coalition of Northwest Florida, Inc.
Marianna, Florida

**Report on the Audit of the Financial Statements**

***Opinion***

We have audited the accompanying financial statements of the Early Learning Coalition of Northwest Florida, Inc. (the "Coalition"), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities and changes in net assets, 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 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 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 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 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.

***Auditor's Responsibilities for the Audit of the Financial Statements (continued)***

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 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 25, 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.

***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,* State of Florida Chapter 10.650, *Rules of the Auditor General,* and special audit guidance provided by the Division of Early Learning, 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.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 24, 2025 on our consideration of the Coalition's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

*Moss, Krusick & Associates, LLC*

Winter Park, Florida
February 24, 2025

**Early Learning Coalition of Northwest Florida, Inc.**

**STATEMENTS OF FINANCIAL POSITION**

**June 30, 2024 and 2023**

| | 2024 | 2023 |
|---|---|---|
| **ASSETS** | | |
| **CURRENT ASSETS** | | |
| Cash and cash equivalents | $ 1,904,568 | $ 3,341,834 |
| Grants receivable | 187,735 | 47,124 |
| Due from the State of Florida | 754,174 | 409,953 |
| Total current assets | 2,846,477 | 3,798,911 |
| Operating lease ROU asset | 88,824 | 114,385 |
| Property and equipment, net | 1,122 | 2,020 |
| Intangible assets, net | 804,950 | - |
| **TOTAL ASSETS** | $ 3,741,373 | $ 3,915,316 |
| **LIABILITIES AND NET ASSETS** | | |
| **LIABILITIES** | | |
| Accounts payable and accrued expenses | $ 2,064,748 | $ 2,202,853 |
| Due to the State of Florida | 425,176 | 1,185,890 |
| Deferred revenue | 72,000 | 177,509 |
| Operating lease liability | 26,278 | 24,197 |
| Total current liabilities | 2,588,202 | 3,590,449 |
| Non-current operating lease liability | 65,343 | 91,621 |
| Total liabilities | 2,653,545 | 3,682,070 |
| **NET ASSETS** | | |
| Without donor restrictions | 1,087,828 | 233,246 |
| Total net assets | 1,087,828 | 233,246 |
| **TOTAL LIABILITIES AND NET ASSETS** | $ 3,741,373 | $ 3,915,316 |

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

## Early Learning Coalition of Northwest Florida, Inc.

## STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

### Years Ended June 30, 2024 and 2023

| | 2024 | 2023 |
|---|---|---|
| **REVENUES AND SUPPORT** | | |
| Federal and state grants | $ 29,912,949 | $ 41,143,809 |
| Other revenues | | |
| Grants | 520,837 | 492,548 |
| Other income | 34,910 | 106,346 |
| Contribution of non-financial assets | 12,750 | 10,450 |
| Local match | - | 28,286 |
| Total revenues and support | 30,481,446 | 41,781,439 |
| **EXPENSES** | | |
| Program services | | |
| School Readiness | 23,926,936 | 35,325,915 |
| Voluntary Pre-Kindergarten | 4,422,587 | 5,136,640 |
| Other | 588,862 | 237,681 |
| Total program expenses | 28,938,385 | 40,700,236 |
| Support services | | |
| Management and general | 688,479 | 913,340 |
| Total expenses | 29,626,864 | 41,613,576 |
| Changes in net assets | 854,582 | 167,863 |
| **NET ASSETS - BEGINNING OF YEAR** | 233,246 | 65,383 |
| **NET ASSETS - END OF YEAR** | $ 1,087,828 | $ 233,246 |

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

**Early Learning Coalition of Northwest Florida, Inc.**

**STATEMENT OF FUNCTIONAL EXPENSES**

**Year Ended June 30, 2024**
**(with comparative totals for the year ended June 30, 2023)**

| | Program Services | | | | Support Services | Total Expenses | |
|---|---|---|---|---|---|---|---|
| | School Readiness | Voluntary Pre-Kindergarten | Other | Total | Management and General | 2024 | 2023 |
| Contract for service payment to providers | $ 16,194,129 | $ 4,380,723 | $ - | $ 20,574,852 | $ - | $ 20,574,852 | $ 21,972,738 |
| Quality enhancement | 4,430,855 | - | 28,051 | 4,458,906 | - | 4,458,906 | 13,984,277 |
| Salaries and benefits | 2,239,871 | 37,808 | 464,339 | 2,742,018 | 477,952 | 3,219,970 | 2,733,022 |
| Professional fees | 485,156 | 817 | 18,591 | 504,564 | 125,765 | 630,329 | 550,241 |
| Outreach and awareness | 298,648 | - | 128 | 298,776 | - | 298,776 | 359,228 |
| Occupancy | 127,514 | 1,134 | 8,417 | 137,065 | 26,240 | 163,305 | 156,492 |
| Travel | 46,319 | 1,791 | 10,074 | 58,184 | 17,558 | 75,742 | 56,091 |
| Supplies | 34,549 | 14 | 16,422 | 50,985 | 4,611 | 55,596 | 27,104 |
| Computer software | 35,831 | 69 | 4,468 | 40,368 | 14,030 | 54,398 | 10,300 |
| Insurance | 24,516 | 220 | 2,294 | 27,030 | 13,401 | 40,431 | 39,035 |
| Dues | 9,548 | 11 | 2,860 | 12,419 | 8,922 | 21,341 | 20,260 |
| Depreciation and amortization | - | - | 20,468 | 20,468 | - | 20,468 | 2,221 |
| Non-financial expenses | - | - | 12,750 | 12,750 | - | 12,750 | 10,450 |
| Hurricane Michael disaster relief | - | - | - | - | - | - | 1,683,478 |
| Bad debt | - | - | - | - | - | - | 8,639 |
| Total expenses | $ 23,926,936 | $ 4,422,587 | $ 588,862 | $ 28,938,385 | $ 688,479 | $ 29,626,864 | $ 41,613,576 |

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

**Early Learning Coalition of Northwest Florida, Inc.**

**STATEMENTS OF CASH FLOWS**

**Years Ended June 30, 2024 and 2023**

| | 2024 | 2023 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Changes in net assets | $ 854,582 | $ 167,863 |
| Adjustments to reconcile changes in net assets | | |
| to net cash (used in) provided by operating activities: | | |
| Depreciation and amortization | 20,468 | 2,221 |
| Non-cash rent | 1,364 | 1,433 |
| Decrease (increase) in assets: | | |
| Grants receivable | (140,611) | (24,037) |
| Due from the State of Florida | (344,221) | 1,385,065 |
| Prepaid expenses | - | 140 |
| Increase (decrease) in liabilities: | | |
| Accounts payable and accrued expenses | (138,105) | 27,435 |
| Due to the State of Florida | (760,714) | 149,114 |
| Deferred revenue | (105,509) | 108,612 |
| Net cash (used in) provided by operating activities | (612,746) | 1,817,846 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Purchase of intangible assets | (824,520) | - |
| Net cash used in investing activities | (824,520) | - |
| Net (decrease) increase in cash and cash equivalents | (1,437,266) | 1,817,846 |
| **CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR** | 3,341,834 | 1,523,988 |
| **CASH AND CASH EQUIVALENTS - END OF YEAR** | $ 1,904,568 | $ 3,341,834 |
| **SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES** | | |
| ROU asset - implementation | $ - | $ 139,409 |
| Lease liability - implementation | - | (139,409) |

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

Early Learning Coalition of Northwest Florida, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

## NOTE A – COALITION, PURPOSE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Coalition and Purpose

The Early Learning Coalition of Northwest Florida, Inc. (the Coalition) was organized as a not-for-profit corporation under the laws of the State of Florida on September 26, 2005. The Coalition maintains offices in Bay, Calhoun, Franklin, Gulf, Holmes, Jackson, and Washington Counties in the State of Florida.

The Coalition is primarily funded by support from federal and state agencies contracted through the Division of Early Learning (DEL). The purpose of the Coalition is to provide a coordinated delivery system of school readiness programs that will prepare children to enter the local kindergarten school systems. In addition, part of the Coalition's mission is to increase the availability, affordability and quality of child care services to children. The children who qualify for these programs are at-risk and/or from low-income families.

The Coalition operates three programs:

- *School Readiness* – This program provides for early education and care for children of families with limited incomes and enables parents to gain and/or sustain their economic self-sufficiency through maintenance of employment or participation in job skill/vocational training leading to employment. The program provides for the needs of children from low income families that are working, children from families that are transitioning from welfare to self-sufficiency, and children that are under protective supervision or in foster care placement. Program participants have access to health, developmental, educational screenings and other support services. Caregivers are held accountable for providing safe learning environments that nurture and cultivate the child's cognitive, language, motor, social, and self-help skills. All services are provided in accordance with the Santa Rosa County School Readiness Plan and state and federal laws and regulations.

- *Voluntary Pre-Kindergarten* – This program consists of state mandated dollars used to support a voluntary pre-kindergarten program for all four-year-old children. Funding is based on a base student allocation per full-time equivalent student in the Voluntary Pre-Kindergarten Education program and is determined at the state level.

- *Other* – This program consists of Help me Grow and other local programs.

2. Basis of Accounting and Financial Statement Presentation

The accompanying financial statements and accompanying schedules have been prepared on the accrual basis of accounting. The Coalition reports information regarding its financial position and activities according to two classes of net assets as follows:

*Net Assets Without Donor Restrictions*

Net assets without donor restrictions are available for use at the discretion of the Board of Directors (the "Board") and/or management for general operating purposes. From time to time the Board may designate a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion.

## NOTE A – COALITION, PURPOSE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2. Basis of Accounting and Financial Statement Presentation (continued)

   *Net Assets With Donor Restrictions*

   Net assets with donor restrictions consist of assets whose use is limited by donor-imposed restrictions, time and/or purpose restrictions.

   The Coalition reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the statement of activities as net assets released from restrictions.

   Some net assets with donor restrictions may include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the Coalition to expend the income generated by the assets in accordance with the provisions of additional donor imposed stipulations or a Board approved spending policy. As of June 30, 2024 and 2023, the Coalition did not have any net assets with donor restrictions.

3. Summarized Financial Information

   The financial statements include certain prior-year summarized information in total but not by net asset class or function. Such information does not constitute a presentation in conformity with 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.

4. Use of 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.

5. Due from the State of Florida and Grants Receivable

   Funds due from the State of Florida as reimbursement for contract services are considered past due if not received in accordance with contract terms. grants receivable consists of amounts due from local agencies and were recorded when servicers were provided. Management believes an allowance for doubtful accounts is not necessary based on the terms of these agreements and forecast analysis and believes the total amount due is collectible in the next fiscal year. Bad debt expense for the years ended June 30, 2024 and 2023, totaled $0 and $8,639, respectively.

**NOTE A – COALITION, PURPOSE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

6. Cash and Cash Equivalents

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

7. Property and Equipment

   The Coalition capitalizes property and equipment with an original cost in excess of $5,000 and a useful life greater than one year. If donated, property and equipment are recorded at fair market value at the date of the donation. Depreciation of property and equipment is computed using straight-line depreciation over the estimated useful lives of the assets, which is three to five years.

   Property acquired with government funds is considered to be owned by the Coalition while used in the program for which it was purchased, or in future authorized programs. However, its disposition as well as the ownership of any proceeds from the sale of assets is subject to applicable regulations.

8. Intangible Assets

   Software subscriptions over $1,000 are capitalized and stated at cost, and are amortized using the straight-line method over the term of the agreement, generally one to three years.

9. Deferred Revenue

   Deferred revenue represents grant revenues collected but not yet earned as of June 30, 2024 and 2023. Revenues from grant proceeds are not recognized until expended.

10. Leases

    The Coalition determines if an arrangement is or includes a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. Under ASU 2016-02, Topic 842 Leases, (Topic 842), a contract is or contains a lease when: (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the customer obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The Coalition also considers whether its service arrangements include the right to control the use of an asset.

    Practical expedients and policy elections are available under the guidance, which was effective at adoption. The Coalition elected the package of practical expedients permitted under the transition guidance which did not require reassessment of whether contracts entered into prior to adoption are or contain a lease, and allowed carry forward of the historical lease classification for existing leases.

## NOTE A – COALITION, PURPOSE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

10. Leases (continued)

The Coalition has elected to apply the short-term lease exception to all leases with a term of one year or less. For all other leases, the Coalition recognizes right-of-use (ROU) asset and lease liabilities based on the present value of lease payments over the lease term at the commencement date of the lease (or July 1, 2022 for existing leases upon the adoption of Topic 842). The Coalition has also elected to use the risk-free discount rate for its leases. The risk-free discount rates were obtained using U.S. Treasury securities as posted on the Federal Reserve website.

The Coalition made an accounting policy election to account for each separate lease component and the non-lease components associated with that lease component as a single lease component. Non-lease components that are variable in nature are recorded in variable lease expense in the period incurred.

11. Revenue Recognition

The Coalition follows Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (ASC 606), which outlines a five-step model whereby revenue is recognized as performance obligations within a contract are satisfied, and ASU No. 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASC 958-605), which clarifies how transactions should be accounted for as contributions (nonreciprocal transactions) or exchange transactions and whether a contribution is conditional.

Revenue from government grants is recorded when earned, which is generally when the allowable costs of the specific grant provisions have been incurred or the performance of services rendered. Such revenue is subject to audit by the grantor and, if the examination results in a deficiency of allowable expenses, the Coalition will be required to refund any deficiencies. Management is of the opinion that all monies recognized as revenue have been earned as of June 30, 2024 and 2023. These amounts are reflected as revenue without donor restrictions if received and expended in the same year.

Public support revenue from federal and state grants is recorded based upon the terms of the grantor agreement, which generally provides that revenue is earned when the allowable costs of the specific grant provisions have been incurred. The majority of public support is received on a reimbursement basis for costs already incurred. Revenue is recorded as without donor restriction when received.

12. Functional Allocation of Expenses

The cost of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

## NOTE A – COALITION, PURPOSE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

13. Income Taxes

    The Coalition has been granted an exemption from income taxes under Internal Revenue Code Section 501(c)(3) as a not-for-profit corporation and is not a private foundation. Management has analyzed the Coalition's various federal and state filing positions and believes that its income tax filing positions and deductions are well documented and supported and no accruals for tax liabilities are necessary. Therefore, no reserves for uncertain income tax positions have been recorded. The Coalition is no longer subject to federal, state, or local income tax examination by tax authorities for fiscal years before 2022.

14. Reclassification

    Certain reclassifications have been made to the prior year financial statements to conform to the current year presentation.

15. Recent Accounting Pronouncements

    In February 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-02, *Leases*, that requires lessees to put most leases on their balance sheets and recognize expenses on their income statements in a manner similar to today's capital lease accounting. For lessors, the guidance modifies the classification criteria for accounting for sales-type and direct financing leases. The Coalition adopted the lease standard effective July 1, 2022.

    Effective January 1, 2023, the Coalition adopted FASB ASU 2016-13, *Financial Instruments – Credit Losses* (Topic 326): Measurement of Credit Losses on Financial Instruments, as amended, which modifies the measurement of expected credit losses on certain financial instruments. The Coalition adopted this new guidance as of July 1, 2023 utilizing the modified retrospective transition method. The adoption of this Standard did not have a material impact on the Coalition's financial statements.

16. Subsequent Events

    Management has evaluated the effect subsequent events would have on the financial statements through the date these financial statements were available to be issued on February 24, 2025.

## NOTE B – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of June 30:

| | 2024 | 2023 |
|---|---|---|
| Furniture and equipment | $ 23,823 | $ 23,823 |
| Less: accumulated depreciation | (22,701) | (21,803) |
| Property and equipment, net | $ 1,122 | $ 2,020 |

Depreciation expense for the years ended June 30, 2024 and 2023 was $898 and $2,221, respectively.

## NOTE C – RELATED PARTY TRANSACTIONS

As mandated by Chapter 1002, Part VI School Readiness Program; and 1002.83 Early Learning Coalitions, certain members of the Coalition's Board of Directors are considered related parties. The related party members include the Executive Director of Chipola Regional Workforce, the Owners of Along the Way Learning Center, New Bethel Baptist Church, North Florida Child Development, and Seabrook Family Day Care, and the Child Care Director of St. John's Catholic School. For the years ended June 30, the Coalition made payments to and had outstanding payables to related parties as follows:

| | 2024 | 2023 |
|---|---|---|
| Payments made: | | |
| - Along the Way Learning Center | $ 527,369 | $ 618,432 |
| - New Bethel Baptist Church | 106,899 | 148,176 |
| - New Florida Child Development | 67,701 | - |
| - Chipola Regional Workforce | 4,751 | 4,355 |
| - Seabrook Family Day Care | 2,096 | 33,915 |
| - St. John's Catholic School | - | 50,323 |
| Total payments | $ 708,816 | $ 855,201 |

| | 2024 | 2023 |
|---|---|---|
| Payables at year end: | | |
| - Along the Way Learning Center | $ 5,131 | $ 9,378 |
| - New Bethel Baptist Church | 4,344 | 8,990 |
| - New Florida Child Development | 5,312 | - |
| Total payables | $ 14,787 | $ 18,368 |

## NOTE D – FUNCTIONAL EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, quality enhancement, occupancy, computer software, professional fees, travel, and other expenses, which are allocated on the basis of estimates of time and effort.

## NOTE E – CONCENTRATIONS AND CREDIT RISK

The Coalition received substantially all of its revenue from federal and state contracts during the years ended June 30, 2024 and 2023. The continuance of state and federal funding is subject to annual legislative budgetary review.

The Coalition maintains its cash accounts in a local financial institution, the balances of which are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. At June 30, 2024 and 2023, the Coalition exceeded the federally insured limit by $2,187,813 and $3,103,794, respectively. The Coalition has not experienced any losses in such accounts and believes there is little or no exposure to any significant credit risk.

## NOTE F – COMMITMENTS AND CONTINGENCIES

*Federal and state appropriated funds*

In June 2024, the Coalition entered into a funding agreement with DEL for the period of July 1, 2024 through June 30, 2025. The DEL awarded the Coalition $19,392,144 to be expended for School Readiness programs and services as prescribed in the Coalition's School Readiness Plan and $4,879,871 to be expended for Voluntary Pre-Kindergarten (VPK) programs and services as prescribed in the Coalition's VPK Plan. The Coalition's School Readiness and Voluntary Pre-Kindergarten Plans provide for a comprehensive program of readiness services that enhance the cognitive, social, and physical development of children to achieve the performance standards outcome measures as specified by the DEL. These amounts received from federal and state agencies are subject to audit and adjustment at the discretion of those entities. If expenditures are disallowed as a result of these audits, the claims for reimbursement would be a liability of the Coalition.

## NOTE F – COMMITMENTS AND CONTINGENCIES (continued)

*Operating leases*

The Coalition leases space for its administrative offices under a non-cancelable operating lease agreement. The lease is the only lease required to be included on the statement of financial position under FASB ASU 2016-02.

As of June 30, 2024, the right-of-use (ROU) asset had a balance of $88,824, as shown in the statement of financial position; the lease liability is included in current liabilities $26,278 and long-term liabilities $65,343. The lease asset and liability were calculated utilizing the risk-free discount rate (4.463%), according to the Coalition's elected policy.

Additional information about the Coalition's leases are as follows:

| | | |
|---|---|---|
| Lease costs (included in occupancy): | | |
| Operating lease cost | $ | 30,239 |
| Total lease cost | $ | 30,239 |
| Other information: | | |
| Cash paid for amounts included in measuring operating lease liability: | | |
| Operating cash flows from operating lease | $ | 28,875 |
| Total cash paid for amounts included in measuring operating lease liability | $ | 28,875 |

The difference between rent expense and rent paid is non-cash rent.

Maturities of operating lease liabilities as of June 30 are as follows:

| | | |
|---|---|---|
| 2025 | $ | 29,838 |
| 2026 | | 31,031 |
| 2027 | | 32,272 |
| 2028 | | 5,412 |
| Total lease payments | | 98,553 |
| Less: interest | | (6,932) |
| Present value of lease liability | $ | 91,621 |

## NOTE G – 401(K) PLAN

The Coalition has a 401(k) retirement plan that provides an employer match of each employee's contribution up to 6% of their salary. The Coalition's contribution was $76,930 and $66,645 for the years ended June 30, 2024 and 2023, respectively.

## NOTE H – SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

The schedule of expenditures of federal awards and state financial assistance follows the accrual basis of accounting. Accounting principles generally accepted in the United States of America require recognition of the expenditures in the period incurred and recognition of the corresponding reimbursement once the amount is earned and collection is certain. Reconciliations of the schedule of expenditures of federal awards and state financial assistance to federal and state expenditures included in the statement of activities and changes in net assets are as follows:

| | |
|---|---|
| Federal and State expenditures – schedule of expenditures of federal awards and state financial assistance | $ 30,226,514 |
| Refunds and adjustments | (313,565) |
| Federal and State expenditures – statements of activities and changes in net assets | $ 29,912,949 |

## NOTE I – CALCULATION OF MAXIMUM ADMINISTRATIVE EXPENSES

The following table compares administrative expenses incurred to expenses subject to the maximum administrative expenses allowed by DEL for the School Readiness and Voluntary Pre-Kindergarten programs for the years ended June 30, 2024 and 2023.

| 2024 | School Readiness | Voluntary Pre-Kindergarten | Total |
|---|---|---|---|
| Total administrative expenses subject to 5% and 4% maximum | $ 532,584 | $ 175,765 | $ 708,349 |
| Maximum 5% and 4% administrative expenses allowable per DEL | 1,251,264 | 183,455 | 1,434,719 |
| Administrative expenses (under) maximum | $ (718,680) | $ (7,690) | $ (726,370) |

## NOTE I – CALCULATION OF MAXIMUM ADMINISTRATIVE EXPENSES (continued)

| 2023 | School Readiness | Voluntary Pre-Kindergarten | Total |
|---|---|---|---|
| Total administrative expenses subject to 5% and 4% maximum | $ 334,249 | $ 97,322 | $ 431,571 |
| Maximum 5% and 4% administrative expenses allowable per DEL | 941,429 | 169,145 | 1,110,574 |
| Administrative expenses (under) maximum | $ (607,180) | $ (71,823) | $ (679,003) |

## NOTE J – LIQUIDITY AND AVAILABILITY OF RESOURCES

The Coalition’s financial assets available within one year of the statement of financial position date for general expenditures are as follows:

| | 2024 | 2023 |
|---|---|---|
| Cash | $ 1,904,568 | $ 3,341,834 |
| Accounts receivable | 187,735 | 47,124 |
| Due from the State of Florida | 754,174 | 409,953 |
| Total financial assets available to management for general expenditure within one year | $ 2,846,477 | $ 3,798,911 |

As part of the Coalition’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Coalition receives approximately 98% for the years ended June 30, 2024 and 2023 of its funding from federal and state grants passed through DEL which are on a reimbursable basis. Throughout the year, the Coalition receives advances and reimbursements each month to cover incurred expenses.

## NOTE K – CONTRIBUTED NON-FINANCIAL ASSETS

Contributed non-financial assets that are measurable are recorded as support at their fair values at the date of receipt by the Coalition. The contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

Upon receipt of contributions of non-financial assets, a corresponding amount is recorded as an expense or is capitalized as property and equipment. Professional services include professional accounting services, donated goods includes drink and food, and advertising includes donated advertising services.

For the years ended June 30, contributed non-financial assets recognized as revenue and expense within the Statements of Activities and Changes in Net Assets and Statements of Functional expenses included:

| | 2024 | 2023 |
|---|---|---|
| Professional services | $ 8,200 | $ 6,450 |
| Donated goods | 2,450 | - |
| Advertising | 2,100 | 4,000 |
| | $ 12,750 | $ 10,450 |

## NOTE M – INTANGIBLE ASSETS

Intangible assets presented on the statement of financial position at June 30, 2024, consist of the following:

| Amortized intangible asset | Remaining Term | Gross Carrying Amount | Accumulated Amortization | Net Carrying Amount |
|---|---|---|---|---|
| MarcoPolo Transition to K and Beyond | 59 | $ 299,984 | $ (5,000) | $ 294,984 |
| MarcoPolo software subscription | 35 | 436,500 | (12,125) | 424,375 |
| Torsh Inc. Coaching and Learning Platform | 35 | 88,036 | (2,445) | 85,591 |
| | | $ 824,520 | $ (19,570) | $ 804,950 |

.

## NOTE M – INTANGIBLE ASSETS (continued)

Estimated amortization expense over the remaining terms of the intangible assets are as follows:

| | |
|---|---|
| Years ending June 30: | |
| 2025 | $ 234,842 |
| 2026 | 234,842 |
| 2027 | 220,272 |
| 2028 | 59,997 |
| 2029 | 54,997 |
| | $ 804,950 |

During the year ended June 30, 2024, with approval from DEL, the Coalition purchased software subscriptions through Torsh Inc. and MarcoPolo for their providers and teachers. The Coalition's future cash flows are not materially impacted by its ability to extend or renew agreements related to its amortizable intangible assets.

# SUPPLEMENTAL INFORMATION

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## 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
Early Learning Coalition of Northwest Florida, Inc.
Marianna, 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 Northwest Florida, Inc. (a nonprofit organization) (the "Coalition"), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities and changes in net assets, 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 February 24, 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 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 a 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, 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 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.

*Moss, Krusick & Associates, LLC*

Winter Park, Florida
February 24, 2025

MKA
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**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 STATE OF FLORIDA CHAPTER 10.650, *RULES OF THE AUDITOR GENERAL***

To the Board of Directors of
Early Learning Coalition of Northwest Florida, Inc.
Marianna, Florida

**Report on Compliance for Each Major Federal Program and State Project**

***Opinion on Each Major Federal Program and State Project***

We have audited the Early Learning Coalition of Northwest Florida, 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, and special audit guidance provided by the Division of Early Learning that could have a direct and material effect on each of the 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 and state projects 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; 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); Chapter 10.650, *Rules of the Auditor General*, and special audit guidance provided by the Division of Early Learning. 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 project. Our audit does not provide a legal determination of the Coalition'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 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 noncompliance 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*, and the Uniform Guidance and Chapter 10.650, *Rules of the Auditor General* 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

***Auditor's Responsibilities for the Audit of Compliance (continued)***

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 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 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.

**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 and state project 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 and 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 and state project 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.

*Moss, Krusick & Associates, LLC*

Winter Park, Florida
February 24, 2025

**Early Learning Coalition of Northwest Florida, Inc.**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**

**June 30, 2024**

**Section I – Summary of Auditor's Results**

**Financial Statements**

| | |
|---|---|
| 1. Type of auditor's report issued: | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weakness(es) identified? | No |
| b. Significant deficiencies identified that are not considered to be material weaknesses? | None reported |
| 3. Noncompliance material to financial statements noted? | No |

**Federal Awards**

| | |
|---|---|
| 1. Type of auditor's report issued on compliance for major programs: | Unmodified |
| 2. Internal control over major programs: | |
| a. Material weakness(es) identified? | No |
| b. Significant deficiencies identified that are not considered to be material weaknesses? | None reported |
| 3. Audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? | No |
| 4. Dollar threshold used to distinguish between Type A and Type B programs | $769,597 |
| 5. Auditee qualified as low-risk auditee? | Yes |

Identification of major programs:

| Name of Federal Program | ALN |
|---|---|
| Child Care and Development Fund Cluster | 93.575, 93.596, 93.489 |
| Temporary Assistance for Needy Families | 93.558 |

**Early Learning Coalition of Northwest Florida, Inc.**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**

**June 30, 2024**

**Section I – Summary of Auditor's Results (continued)**

**State Financial Assistance**

| | |
|---|---|
| 1. Type of auditor's report issued on compliance for major projects: | Unmodified |
| 2. Internal control over major projects: | |
| a. Material weakness(es) identified? | No |
| b. Significant deficiencies identified that are not considered to be material weaknesses? | None reported |
| 3. Audit findings disclosed that are required to be reported in accordance with the Florida Single Audit Act and Chapter 10.650, *Rules of the Auditor General* | No |
| 4. Dollar threshold used to distinguish between Type A and Type B projects | $750,000 |

Identification of major projects:

| Name of State Project | CSFA Number |
|---|---|
| Voluntary Pre-Kindergarten | 48.108 |

**Section II – Enhanced Fields System Modernization (EFS Mod) monthly reconciliation**

| | |
|---|---|
| 1. EFS Mod reconciled monthly | Yes |
| 2. Processes in place to identify and correct errors during monthly reconciliations to EFS Mod | Yes |
| 3. Coalition's financial records reconcile and agree to EFS Mod records as of program year ended June 30, 2024 | Yes |
| 4. Audit work papers documenting verification of reconciliations available to DEL staff | Yes |

**Section III – Financial Statement Findings**

No current year findings (no corrective action plan or management letter required)

**Section IV – Federal Award and State Projects Findings and Questioned Costs**

None (there are no items related to Federal Awards and State financial assistance required to be reported in the management letter, therefore no management letter issued)

**Section V – Status of Prior Year Audit Findings**

There were no prior year audit findings

**Early Learning Coalition of Northwest Florida, Inc.**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**

**Year Ended June 30, 2024**

| Grantor/Program Title | ALN CSFA | Award Number | Expenditures |
|---|---|---|---|
| **Federal Awards:** | | | |
| **U.S. Department of Health and Human Services** | | | |
| *Passed through the Division of Early Learning* | | | |
| Child Care and Development Block Grant | 93.575 | EL344 | $ 6,339,534 |
| Child Care and Development Block Grant | 93.575 | EL345 | 247,407 |
| Total Child Care and Development Block Grant | | | 6,586,941 |
| Coronavirus Response and Relief Supplemental Appropriations Funds | 93.575 | EL344 | 4,763 |
| American Rescue Plan Act | 93.575 | EL344 | 11,281,894 |
| American Rescue Plan Act | 93.575 | EL345 | 367,323 |
| Total American Rescue Plan Act | | | 11,649,217 |
| Child Care Mandatory and Matching Funds of the Child Care and Development Fund | 93.596 | EL344 | 3,464,202 |
| Child Care Mandatory and Matching Funds of the Child Care and Development Fund | 93.596 | EL345 | 599 |
| Total Child Care Mandatory and Matching Funds of the Child Care and Development Fund | | | 3,464,801 |
| Disaster Recovery Grant - Hurricane Michael of the Child Care Disaster Relief Fund | 93.489 | DR341 | 230,193 |
| Total Child Care and Development Fund Cluster | | | 21,935,915 |
| Temporary Assistance for Needy Families | 93.558 | EL344 | 3,688,357 |
| Temporary Assistance for Needy Families | 93.558 | EL345 | 10,472 |
| Total Temporary Assistance for Needy Families | | | 3,698,829 |
| Preschool Development Grant | 93.434 | EL344 | 12,447 |
| Social Services Block Grant | 93.667 | EL344 | 6,072 |
| Total U.S. Department of Health and Human Services | | | 25,653,263 |
| Total Expenditures of Federal Awards | | | $ 25,653,263 |
| **State Financial Assistance:** | | | |
| **State of Florida Department of Education** | | | |
| *Passed through the Division of Early Learning* | | | |
| Voluntary Pre-Kindergarten Education Program | 48.108 | EL344 | $ 4,568,063 |
| Voluntary Pre-Kindergarten Education Program | 48.108 | EL345 | 3,261 |
| Total Voluntary Pre-Kindergarten Education Program | | | 4,571,324 |
| State General Revenue Unrestricted 2023-2024 | - | 2023-24 SGU | 1,927 |
| Total Expenditures of State Financial Assistance | | | $ 4,573,251 |
| Total Expenditures of Federal Awards and State Financial Assistance | | | $ 30,226,514 |

See independent auditor's report.

**Early Learning Coalition of Northwest Florida, Inc.**

**NOTES TO THE SCHEDULE OF EXPENDITURES FEDERAL AWARDS**

**AND STATE FINANCIAL ASSISTANCE**

**June 30, 2024**

## NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards and state financial assistance is presented on the accrual basis of accounting. 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), State of Florida Chapter 10.650, Rules of the Auditor General, and the Department of Fiscal Services' State Projects Compliance Supplement. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

## NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, and Chapter 10.650 wherein certain types of expenditures are not allowed or are limited as to reimbursement.

## NOTE 3 – DE MINIMIS INDIRECT COST RATE ELECTION

The Coalition has elected to not use the 10% de minimis indirect cost rate for its federal programs and state projects for the year ended June 30, 2024. The indirect cost rates used on the Coalition's federal programs and state projects are determined by the relevant federal or state agency.

## NOTE 4 – SUBRECIPIENTS

The Coalition did not provide federal awards or state financial assistance to subrecipients during the year ended June 30, 2024