

**EARLY LEARNING  
COALITION OF THE BIG  
BEND REGION, INC.**

**FINANCIAL STATEMENTS**

**June 30, 2024 and 2023**

**EARLY LEARNING COALITION OF THE BIG BEND REGION, INC.**

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## INDEPENDENT AUDITOR'S REPORT

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To the Board of Directors of  
Early Learning Coalition of the Big Bend Region, Inc.  
Tallahassee, Florida

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

#### **Opinion**

We have audited the accompanying financial statements of the Early Learning Coalition of the Big Bend Region, Inc. (a nonprofit organization) (the "Coalition"), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Coalition as of June 30, 2024 and 2023, and the changes in 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 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 Responsibility 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 Responsibility 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.

### ***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 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 March 27, 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  
March 27, 2025

**EARLY LEARNING COALITION OF THE BIG BEND REGION, INC.**

**STATEMENTS OF FINANCIAL POSITION**

**June 30, 2024 and 2023**

**ASSETS**

	<u>2024</u>	<u>2023</u>
<b>Current assets</b>		
Cash and cash equivalents	\$ 3,150,391	\$ 5,300,220
Grants and contracts receivable	3,267,576	168,466
Due from providers	1,003,923	955,659
Prepaid expenses	<u>368,455</u>	<u>20,043</u>
Total current assets	7,790,345	6,444,388
Operating right-of-use asset	1,241,432	1,584,242
Intangible assets, net	168,541	-
Property and equipment, net	<u>1,430</u>	<u>6,003</u>
<b>Total assets</b>	<u><u>\$ 9,201,748</u></u>	<u><u>\$ 8,034,633</u></u>

**LIABILITIES AND NET ASSETS**

<b>Current liabilities</b>		
Direct child care services payable	\$ 3,980,951	\$ 3,628,206
Due to DEL	1,544,167	1,662,192
Accounts payable and accrued expenses	85,420	64,547
Deferred revenue	1,894,684	744,329
Operating lease liability - current	<u>685,587</u>	<u>331,498</u>
Total current liabilities	8,190,809	6,430,772
Non-current operating lease liability	<u>588,011</u>	<u>1,273,598</u>
Total liabilities	8,778,820	7,704,370
<b>Net assets</b>		
Without donor restrictions	<u>422,928</u>	<u>330,263</u>
Total net assets	<u>422,928</u>	<u>330,263</u>
<b>Total liabilities and net assets</b>	<u><u>\$ 9,201,748</u></u>	<u><u>\$ 8,034,633</u></u>

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

**EARLY LEARNING COALITION OF THE BIG BEND REGION, INC.**

**STATEMENT OF ACTIVITIES**

**Year Ended June 30, 2024**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Support and revenues</b>			
Grants and contracts	\$ 39,184,944	\$ -	\$ 39,184,944
Other	435,142	-	435,142
	<hr/>	<hr/>	<hr/>
Total support and revenues	39,620,086	-	39,620,086
	<hr/>	<hr/>	<hr/>
<b>Expenses:</b>			
Program services			
School Readiness and Related Child Care Services	28,747,297	-	28,747,297
Voluntary Pre-Kindergarten Services	6,359,870	-	6,359,870
Other Child Care Research and Support Programs	2,753,608	-	2,753,608
	<hr/>	<hr/>	<hr/>
Total program expenses	37,860,775	-	37,860,775
	<hr/>	<hr/>	<hr/>
General and administration	1,666,646	-	1,666,646
	<hr/>	<hr/>	<hr/>
Total expenses	39,527,421	-	39,527,421
	<hr/>	<hr/>	<hr/>
<b>Increase in net assets</b>	92,665	-	92,665
	<hr/>	<hr/>	<hr/>
<b>Net assets, beginning of year</b>	330,263	-	330,263
	<hr/>	<hr/>	<hr/>
<b>Net assets, end of year</b>	<u>\$ 422,928</u>	<u>\$ -</u>	<u>\$ 422,928</u>

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

EARLY LEARNING COALITION OF THE BIG BEND REGION, INC.

STATEMENT OF ACTIVITIES

Year Ended June 30, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Support and revenues</b>			
Grants and contracts	\$ 59,185,186	\$ -	\$ 59,185,186
Local match revenue	98,214		98,214
Other	48,127	-	48,127
	<hr/>	<hr/>	<hr/>
Total support and revenues	59,331,527	-	59,331,527
	<hr/>	<hr/>	<hr/>
<b>Expenses:</b>			
Program services			
School Readiness and Related Child Care Services	48,448,429	-	48,448,429
Voluntary Pre-Kindergarten Services	7,623,371	-	7,623,371
Other Child Care Research and Support Programs	972,121	-	972,121
	<hr/>	<hr/>	<hr/>
Total program expenses	57,043,921	-	57,043,921
	<hr/>	<hr/>	<hr/>
General and administration	2,201,505	-	2,201,505
	<hr/>	<hr/>	<hr/>
Total expenses	59,245,426	-	59,245,426
	<hr/>	<hr/>	<hr/>
<b>Increase in net assets</b>	86,101	-	86,101
	<hr/>	<hr/>	<hr/>
<b>Net assets, beginning of year</b>	244,162	-	244,162
	<hr/>	<hr/>	<hr/>
<b>Net assets, end of year</b>	<u>\$ 330,263</u>	<u>\$ -</u>	<u>\$ 330,263</u>

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

**EARLY LEARNING COALITION OF THE BIG BEND REGION, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**

**YEAR ENDED JUNE 30, 2024**

	<b>School Readiness and Related Child Care Services</b>	<b>Voluntary Pre- Kindergarten Services</b>	<b>Other Child Care Research and Support Programs</b>	<b>Total Program Services</b>	<b>General and Administrative</b>	<b>Total</b>
Salaries and benefits	\$ 1,805,330	\$ 29,559	\$ 355,162	\$ 2,190,051	\$ 1,192,899	\$ 3,382,950
Training and development	28,327	37	1,704	30,068	36,065	66,133
Professional services	10,629	-	-	10,629	70,030	80,659
Contracted services	25,386,877	6,318,798	2,383,064	34,088,739	103,885	34,192,624
Consulting	-	-	-	-	5,151	5,151
Occupancy	509,603	571	7,394	517,568	60,585	578,153
Advertising and public outreach	101,935	-	-	101,935	1,861	103,796
Supplies and materials	726,055	9,954	5,569	741,578	31,330	772,908
Technology maintenance	82,230	936	44	83,210	126,242	209,452
Office furniture and equipment	1,663	2	50	1,715	2,440	4,155
Travel	83,899	-	315	84,214	2,017	86,231
Depreciation	-	-	-	-	4,573	4,573
Amortization	-	-	-	-	27,558	27,558
Printing and postage	10,641	13	306	10,960	1,160	12,120
Other miscellaneous	108	-	-	108	850	958
	<u>28,747,297</u>	<u>6,359,870</u>	<u>2,753,608</u>	<u>37,860,775</u>	<u>1,666,646</u>	<u>39,527,421</u>
Total expenses	\$ <u>28,747,297</u>	\$ <u>6,359,870</u>	\$ <u>2,753,608</u>	\$ <u>37,860,775</u>	\$ <u>1,666,646</u>	\$ <u>39,527,421</u>

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

**EARLY LEARNING COALITION OF THE BIG BEND REGION, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**

**YEAR ENDED JUNE 30, 2023**

	<b>School Readiness and Related Child Care Services</b>	<b>Voluntary Pre- Kindergarten Services</b>	<b>Other Child Care Research and Support Programs</b>	<b>Total Program Services</b>	<b>General and Administrative</b>	<b>Total</b>
Salaries and benefits	\$ 955,191	\$ 329	\$ 418,074	\$ 1,373,594	\$ 1,785,862	\$ 3,159,456
Training and development	13,308	2	8,889	22,199	35,335	57,534
Professional services	153	-	-	153	54,992	55,145
Contracted services	46,507,376	7,616,579	129,811	54,253,766	118,640	54,372,406
Consulting	602	-	-	602	10,962	11,564
Occupancy	473,772	4	28,531	502,307	56,357	558,664
Advertising and public outreach	20,237	-	-	20,237	4,174	24,411
Supplies and materials	287,438	6,457	384,323	678,218	8,249	686,467
Technology maintenance	84,018	-	503	84,521	88,049	172,570
Office furniture and equipment	36,087	-	1,039	37,126	27,678	64,804
Travel	59,963	-	291	60,254	4,309	64,563
Depreciation	-	-	-	-	5,217	5,217
Printing and postage	6,390	-	660	7,050	1,681	8,731
Other miscellaneous	3,894	-	-	3,894	-	3,894
<b>Total expenses</b>	<b>\$ 48,448,429</b>	<b>\$ 7,623,371</b>	<b>\$ 972,121</b>	<b>\$ 57,043,921</b>	<b>\$ 2,201,505</b>	<b>\$ 59,245,426</b>

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

**EARLY LEARNING COALITION OF THE BIG BEND REGION, INC.**

**STATEMENTS OF CASH FLOWS**

**YEARS ENDED JUNE 30, 2024 AND 2023**

	2024	2023
<b>Cash flows from operating activities</b>		
Cash received from grantors and contractors	\$ 35,967,810	\$ 59,814,538
Cash paid to employees and vendors	(38,367,993)	(56,483,514)
Contributions and other receipts	435,141	146,341
Non-cash rent	11,312	20,854
	(1,953,730)	3,498,219
<b>Cash flows from investing activities</b>		
Purchase of intangible assets	(196,099)	-
Purchase of property and equipment	-	(7,477)
	(2,149,829)	3,490,742
Net (decrease) increase in cash and cash equivalents	(2,149,829)	3,490,742
<b>Cash and cash equivalents, beginning of year</b>	5,300,220	1,809,478
<b>Cash and cash equivalents, end of year</b>	\$ 3,150,391	\$ 5,300,220
<b>Reconciliation of change in net assets to net cash (used in) provided by operating activities</b>		
Increase in net assets	\$ 92,665	\$ 86,101
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	4,573	5,217
Amortization	27,558	-
Non-cash rent	11,312	20,854
(Increase) decrease in grants and contracts receivable	(3,099,110)	5,536
Increase in due from providers	(48,264)	(13,514)
Increase in prepaid expenses	(348,412)	(19,703)
Increase in deferred revenue	1,150,355	744,329
Increase in direct child care services payable	352,745	1,878,202
Increase in accounts payable and accrued expenses	20,873	167,381
Increase (decrease) in due to DEL	(118,025)	623,816
	(2,046,395)	3,412,118
<b>Net cash (used in) provided by operating activities</b>	\$ (1,953,730)	\$ 3,498,219
<b>Supplemental Disclosure of Noncash activities</b>		
Operating lease right-of-use asset	\$ -	\$ 1,920,971
Operating lease right-of-use liability	-	(1,920,971)

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

# EARLY LEARNING COALITION OF THE BIG BEND REGION, INC.

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

### **(1) Summary of Significant Accounting Policies:**

The following is a summary of the more significant accounting policies and practices of Early Learning Coalition of the Big Bend Region, Inc. (the "Coalition") which affect significant elements of the accompanying financial statements:

(a) **Coalition and Purpose**—Early Learning Coalition of the Big Bend Region, Inc. ("the Coalition") was established to prepare preschool children to enter kindergarten ready to learn, as measured by criteria established by the State of Florida. Under Florida Statute, Section 1002.83, the Coalition is required to develop and implement a plan for comprehensive, accessible, affordable, and high-quality early education and childcare services for children, birth to age five, in Leon, Gadsden, Jefferson, Liberty, Madison, Taylor, and Wakulla counties in the State of Florida. The Coalition is primarily supported by grants from the State of Florida passed through from the U.S. Department of Health and Human Services.

During the fiscal year ended June 30, 2024 and 2023, the Coalition operated the following programs:

*School Readiness and Related Child Care Services (SR):* This program provides financial assistance for childcare costs to families who meet the qualifying guidelines in order to assist children to become better prepared for the education experience or to provide childcare services for economically disadvantaged children or children requiring specific assistance as determined by the State of Florida.

*Voluntary Pre-kindergarten Services (VPK):* The VPK program is designed to promote in a classroom environment the development of each four-year-old child's physical, social, and emotional maturation. The program outcomes should result in children better prepared to be successful in the formal education process.

*Other Child Care Research and Support Programs:* These program services include: Leon County childcare tuition assistance program, family literacy programs for low-income families, and technical assistance programs to low performing providers.

The Coalition is governed by its twenty-one-member Board of Directors, of which nine are appointed under criteria established in Florida Statutes, Section 1002.83.

(b) **Property and Equipment**—Property and equipment acquired by the Coalition are considered to be owned by the Coalition. However, funding sources may maintain an equitable interest in the property purchased with grant monies as well as the right to determine the use of any proceeds from the sale of these assets. The Federal government has a reversionary interest in those assets purchased with its funds which have a cost of \$5,000 or more and an estimated useful life of at least one year. The State of Florida has a reversionary interest in those assets purchased with its funds which have a cost of \$1,000 or more and an estimated useful life of at least one year.

Property and equipment with a value greater than \$5,000 and an estimated useful life of at least one year are recorded at cost when purchased or at estimated fair value when contributed. Depreciation is computed using the straight-line method over the estimated useful life of the assets, ranging from five to thirty-nine years. Repairs and maintenance, which are not considered improvements and do not extend the useful life of the property and equipment, are expensed as incurred.

(c) **Intangible Assets**—Software subscriptions over \$5,000 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.

**EARLY LEARNING COALITION OF THE BIG BEND REGION, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2024**

**(1) Summary of Significant Accounting Policies: (continued)**

(d) **Income Taxes**—The Coalition is generally exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes has been made in the accompanying financial statements. The Coalition files income tax returns in the U.S. Federal jurisdiction. The Coalition's income tax returns for the past three years are subject to examination by taxing authorities and may change upon examination.

The Coalition has reviewed and evaluated the relevant technical merits of each of its tax positions in accordance with accounting principles generally accepted in the United States of America for accounting for uncertainty in income taxes and determined that there are no uncertain tax positions that would have a material impact on the financial statements.

(e) **Cash and Cash Equivalents**—For the purpose of reporting cash flows, cash and cash equivalents include cash on hand, amounts in demand deposits and short-term investments with original maturities of 90 days or less. Deposits with financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor. Bank deposits at times may exceed federally insured limits. The Coalition has not experienced any losses in such accounts.

The Coalition has a zero-balance account (ZBA) agreement with the financial institution in which funds are maintained in an interest bearing account and are transferred into the demand deposit accounts as needed. Interest earned on the funds in the ZBA account was less than 1% at June 30, 2024 and 2023.

(f) **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.

(g) **Basis of Accounting**—The financial statements have been prepared on the accrual basis of accounting, and accordingly, reflect all significant receivables, payables, and other liabilities.

(h) **Basis of Presentation**—Under accounting principles generally accepted in the United States of America, the Coalition is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

(i) **Net Assets**—Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

*Net Assets With Donor Restrictions* – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity. All other donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Contributions that are restricted by the donor are reported as an increase in assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized.

**EARLY LEARNING COALITION OF THE BIG BEND REGION, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2024**

**(1) Summary of Significant Accounting Policies: (continued)**

(j) **Functional Allocation of Expenses**—The costs of providing the various services and other activities have been summarized on a functional basis in the Statements of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

(k) **Accrued Leave**—The Coalition compensates its eligible employees for unused vacation leave upon termination of employment. Vacation leave is accrued as earned by eligible employees and recorded as an expense in the period earned.

(l) **Advertising**—Advertising costs are charged to operations as incurred. For those years ended June 30, 2024 and 2023, \$103,796 and \$24,411 was incurred, respectively.

(m) **Grants and Contracts Receivable**—Grants and contracts receivable are stated at the amount management expects to collect from balances outstanding at year-end. Based on management's assessment of the history with grantors and contractors having outstanding balances and current relationships with them. An allowance for uncollectible grant receivables has not been recorded as all amounts are deemed by management to be collectible.

(n) **Deferred Revenue**—The Coalition records grant/contract receipts as deferred revenue until it is expended for the purpose of the grant/contract, at which time it is recognized as revenue.

(o) **Revenue Recognition**—The Coalition receives all of its grant and contract revenue from Federal, State and local agencies. The Coalition recognizes grant/contract revenue (up to the contract ceiling) from its grants/contracts over a period which represents the service period for certain grants/contracts, or to the extent of expenses. Revenue recognition depends on the grant/contract.

In May 2014, the Financial Accounting Standards board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (ASC 606), which prescribes a single, common revenue standard to replace most existing revenue recognition guidance, including most industry-specific requirements. The standard outlines a five-step model whereby revenue is recognized as performance obligations within a contract are satisfied.

In June 2018, the FASB issued ASU No. 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASC 958), which clarified how transactions should be accounted for as contributions (nonreciprocal transactions) or exchange transactions and whether a contribution is conditional.

The Coalition adopted ASC 606 and ASC 958 and all related amendments effective July 1, 2019. The adoption had no significant impact on the Coalition's financial statements.

(p) **Leases**—In February 2016, the FASB issued ASU 2016-02, *Leases*, that requires lessees to put most leases on their statement of financial position and recognize expenses on their statement of activities in a manner similar to today's capital lease accounting. The guidance also eliminates today's real estate specific provisions for all entities. 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 as disclosed in Note 7.

(q) **Reclassification**— Certain prior information has been reclassified to conform to the current year presentation. The reclassifications had no effect on prior year change in net assets.

**EARLY LEARNING COALITION OF THE BIG BEND REGION, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2024**

**(2) Significant Funding Sources:**

The Coalition and its related programs receive substantial support from federal and state governments. If a significant reduction in the level of this support occurs, it may have an effect on the Coalition's programs and activities. For the year ended June 30, 2024, 83% of the Coalition's revenues and support was from the Federal government passed through the Division of Early Learning (DEL). In addition, for the year ended June 30, 2024, 17% of the Coalition's revenues and support were from DEL through state financial assistance and matching funds. Revenue and support from the Federal government passed through DEL was 88% for the year ended June 30, 2023 and 12% from state financial assistance and matching funds for the year ended June 30, 2023.

**(3) Concentrations of Credit Risk:**

The more significant concentrations of credit risk are as follows:

(a) **Demand Deposits**—The Coalition maintains demand deposits with one bank. The Coalition has no policy requiring collateral, although all demand deposits with the bank are Federally insured up to FDIC limits.

(b) **Grants and Contracts Receivable**—The Coalition's grants and contracts receivable are for amounts due under grants/contracts with the State of Florida and Federal government agencies. The Coalition has no policy requiring collateral or other security to support its grants and contracts receivable.

(c) **Unconditional Promises to Give**—Financial instruments that potentially subject the Coalition to concentrations of credit risk include unconditional promises to give. The unconditional promises to give are from donors.

**(4) Retirement Plan:**

The Coalition participates in a voluntary deferred profit sharing plan 401(k) for its employees. Employees are eligible for participation in the plan three months following their date of employment. Employees become eligible for employer contributions to the plan after one year (designated in the plan as 800 hours) of employment. Contributions by the Coalition to the plan are based on a percentage of employee salaries and vest 100% to employees after two years of plan participation. Expenses under this plan were \$86,102 and \$82,592 during the year ended June 30, 2024 and 2023, respectively.

**(5) Property and Equipment:**

The following is a summary of property and equipment at June 30, 2024 and 2023:

	2024	2023
Office furniture	\$ 26,148	\$ 26,148
Office and computer equipment	128,506	128,506
Software and licenses	104,337	104,337
	258,991	258,991
Less: Accumulated depreciation	(257,561)	(252,988)
Total	\$ 1,430	\$ 6,003

**EARLY LEARNING COALITION OF THE BIG BEND REGION, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2024**

**(6) Recently issued accounting pronouncements:**

Effective July 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 utilizing the modified retrospective transition method. The adoption of this Standard did not have a material impact on the Coalition’s financial statements.

**(7) Operating Leases:**

As disclosed in Note 1, the Coalition adopted FASB ASU 2016-02. The Coalition leases its office spaces under operating leases. These leases are the only leases required to be included on the statement of financial position under FASB ASU 2016-02. As a result, adopting FASB ASU 2016-02 had no impact to prior year statement of financial position information, and because the leases are operating leases, the adoption of this standard has no impact on the results of operations.

The Coalition has elected to apply the short-term lease exception to all leases with a term of one year or less. As of June 30, 2024, the Coalition had 4 short-term leases. As of June 30, 2024, the right-of-use (ROU) asset had a balance of \$1,241,432, as shown in the statement of financial position; the lease liability is included in current liabilities (\$685,587) and long-term liabilities (\$588,011). The lease asset and liability were calculated utilizing the risk-free weighted-average discount rate (3.79%), according to the Coalition’s elected policy.

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

<u>Lease cost (included in occupancy):</u>	
Operating lease cost	<u>\$ 398,066</u>
Total lease cost	<u><u>\$ 398,066</u></u>
 <u>Other information:</u>	
Cash paid for amounts included in measuring operating lease liability:	
Operating cash flows from operating lease	<u>\$ 386,754</u>
Total cash paid for amounts included in measuring operating lease liability	<u><u>\$ 386,754</u></u>
Weighted-average remaining lease terms (years)	3.33
Weighted-average discount rate	3.79%

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

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

	2025	\$ 396,368
	2026	406,266
	2027	416,455
	2028	<u>139,963</u>
	Total lease payments	<u>1,359,052</u>
	Less: interest	<u>(85,454)</u>
	Present value of lease liability	<u><u>\$ 1,273,598</u></u>

**EARLY LEARNING COALITION OF THE BIG BEND REGION, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2024**

**(8) Matching Requirements:**

The Coalition's funding grant from the State of Florida includes a provision requiring a local match for the direct childcare service program operated in its seven county regions. Except for Leon County, Florida, the Coalition can request annual waivers of the match requirement for the remaining six rural counties served that demonstrate significant hardship in meeting the match requirement.

**(9) Contributed Non-Financial Assets:**

The Coalition follows ASU 2020-07, *Not-for-Profit Entities* (Topic 958): *Presentation and Disclosures by Not-for-Profit Entities for Contributed Non-financial Assets*, which requires the monitoring and tracking of gifts in kind by asset category, while also noting any donor-imposed restrictions.

Consulting and other non-cash donations are recorded at either estimated fair value at the date of donation. In the absence of donor-imposed stipulations regarding how long the contributed assets must be used, the Coalition has adopted a policy of not implying a time restriction on contributions of such assets. There were no such donations for the years ended June 30, 2024 and 2023, respectively.

Many individuals volunteer their time and perform a variety of tasks that assist the Coalition with specific childcare service programs. The Coalition tracks their time and then estimates the value of these donated services, which are not reflected in the financial statements, as they do not meet the recognition criteria pursuant to professional standards.

**(10) Contingencies:**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal government and the State of Florida. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Coalition expects such amounts, if any, to be immaterial.

**(11) Related Party Transactions:**

The Coalition has certain board members who are also providers of VPK and SR services. The Coalition paid these vendors \$513,039 and \$541,469 for the years ended June 30, 2024 and 2023, respectively. All payments were in the normal course of business. At June 30, 2024 and 2023, \$25,030 and \$33,111 was due to related parties, respectively.

**(12) Net Assets with Donor Restrictions:**

At June 30, 2024 and 2023, there were no net assets with donor restrictions.

**EARLY LEARNING COALITION OF THE BIG BEND REGION, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2024**

**(13) Liquidity and Availability:**

The Coalition strives to maintain liquid financial assets sufficient to cover general expenditures. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	2024	2023
Cash and cash equivalents	\$ 3,150,391	\$ 5,300,220
Grants and contracts receivable	3,267,576	168,466
<b>Total</b>	<b>\$ 6,417,967</b>	<b>\$ 5,468,686</b>

**(14) Intangibles:**

Intangible assets of \$168,541 presented on the statement of financial position at June 30, 2024 consist of the following:

<u>Amortized intangible asset</u>	<u>Remaining Term</u>	<u>Gross Carrying Amount</u>	<u>Accumulated Amortization</u>	<u>Net Carrying Amount</u>
MarcoPolo software subscription	11 Months	\$ 116,363	\$ (9,697)	\$ 106,666
Teaching Strategies software subscription	1 Month	10,000	(9,167)	833
Teaching Strategies software subscription	18 Months	34,770	(8,694)	26,076
Teaching Strategies software subscription	24 Months	34,966	-	34,966
<b>Total</b>		<b>\$ 196,099</b>	<b>\$ (27,558)</b>	<b>\$ 168,541</b>

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

Years ending June 30:	
2025	\$ 142,371
2026	26,170
	<u>\$ 168,541</u>

During the year ended June 30, 2024, with approval from DEL the Coalition purchased software subscriptions through MarcoPolo and Teaching Strategies 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.

**(15) Subsequent Events:**

The Coalition has evaluated events and transactions for potential recognition or disclosure in the financial statements through March 27, 2025, the date which the financial statements were available to be issued.

**SUPPLEMENTAL INFORMATION**

**Early Learning Coalition of the Big Bend Region, Inc.**

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

**Year Ended June 30, 2024**

<b>Federal Grantor/State Grantor/Pass Through Grantor Program Title</b>	<b>Federal ALN</b>	<b>State CFSA Number</b>	<b>Pass-through Entity Identifying Contract Number</b>	<b>Expenditures</b>
<b>FEDERAL AWARDS</b>				
<b>U.S. Department of Health and Human Services</b>				
Passed through State of Florida Department of Education Division of Early Learning				
Child Care and Development Block Grant	93.575	-	EL044	\$ 7,608,155
Child Care and Development Block Grant	93.575	-	EL045	123,599
Coronavirus Response and Relief Supplemental Appropriations Funds	93.575	-	EL044	81,781
American Rescue Plan Act	93.575	-	EL044	17,891,177
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	-	EL044	<u>4,240,535</u>
			<b>Total CCDF cluster</b>	29,945,247
Temporary Assistance for Needy Families	93.558	-	EL044	2,506,552
Social Services Block Grant	93.667	-	EL044	<u>13,395</u>
Total U.S. Department of Health and Human Services				<u>32,465,194</u>
Total Expenditures of Federal Awards				<u>\$ 32,465,194</u>
<b>STATE FINANCIAL ASSISTANCE</b>				
<b>Florida Department of Education Division of Early Learning</b>				
Voluntary Pre-Kindergarten Education Program	-	48.108	EL044	\$ 6,711,550
Voluntary Pre-Kindergarten Education Program - State General Revenue Unrestricted 2023-2024	-	-	2023-24 SGU	<u>8,200</u>
Total Expenditures of State Financial Assistance				<u>\$ 6,719,750</u>
Total Expenditures of Federal Awards and State Financial Assistance				<u>\$ 39,184,944</u>

See independent auditor's report.

**EARLY LEARNING COALITION OF THE BIG BEND REGION, INC.**  
**NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE**  
**FINANCIAL ASSISTANCE**  
**YEAR ENDED JUNE 30, 2024**

**Note 1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance (the Schedule) includes the Federal awards and State financial assistance activity of Early Learning Coalition of the Big Bend Region, Inc. under programs of the federal and state government for the year ended June 30, 2024 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*, and Chapter 10.650, *Rules of the State of Florida Auditor General* and the Department of Financial 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, wherein certain types of expenditures are not allowed or are limited as to reimbursement. No amounts were passed through to subrecipients during the year ended June 30, 2024.

**Note 3. De Minimis Indirect Cost Rate Election**

Early Learning Coalition of the Big Bend Region, Inc. has elected not to use the 10 percent de minimis indirect cost rate as allowed under Uniform Guidance.



**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**

*Partners*

W. Ed Moss, Jr.  
Joe M. Krusick  
Ric Perez  
Cori G. Novinich  
Renee C. Varga

To the Board of Directors of  
Early Learning Coalition of the Big Bend Region, Inc.  
Tallahassee, 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 Big Bend Region, Inc. (the "Coalition") (a nonprofit 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 27, 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2024-001 and 2024-002 that we consider to be material weaknesses.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Early Learning Coalition of the Big Bend Region, Inc.'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*.

**Coalition's Response to Findings**

Government Auditing Standards requires the auditor to perform limited procedures on the Coalition's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Coalition's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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**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  
March 27, 2025



**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**

**Partners**

W. Ed Moss, Jr.  
Joe M. Krusick  
Ric Perez  
Cori G. Novinich  
Renee C. Varga

To the Board of Directors of  
Early Learning Coalition of the Big Bend Region, Inc.  
Tallahassee, 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 Big Bend Region, 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 Department of Early Learning that could have a direct and material effect on each of the Early Learning Coalition of the Big Bend Region, Inc.'s (the "Coalition") major federal programs and state projects for the year ended June 30, 2024. Early Learning Coalition of the Big Bend Region, Inc.'s major federal programs and state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Early Learning Coalition of the Big Bend Region, Inc.'s 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) and Chapter 10.650, *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 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 Responsibility 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 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.

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance and Chapter 10.650, 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 or 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 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 or 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  
March 27, 2025

EARLY LEARNING COALITION OF THE BIG BEND REGION, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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?  | Yes           |
| 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                            | \$973,955     |
| 5. Auditee qualified as low-risk auditee?   | No            |

Identification of major programs:

<u>Name of Federal Program</u>	<u>ALN</u>
Child Care and Development Block Grant	93.575
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596
Temporary Assistance for Needy Families	93.558

**EARLY LEARNING COALITION OF THE BIG BEND REGION, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**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, <i>Rules of the Auditor General</i>	No
4. Dollar threshold used to distinguish between Type A and Type B projects	\$750,000
Identification of major projects:	
<u>Name of State Project</u>	<u>CSFA Number</u>
Voluntary Pre-Kindergarten	48.108

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

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

**EARLY LEARNING COALITION OF THE BIG BEND REGION, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**JUNE 30, 2024**

**Section III – Financial Statement Findings**

**Finding 2024-001: Preparation of Financial Statements and Significant Adjustments**

**Criteria:** Management is responsible for the preparation and fair presentation of these financial statements.

**Condition:** Adjustments were required to be made to the accounting records subsequent to the start of the audit process. Since these cumulative adjustments resulted in a material misstatement of the financial statements, this deficiency is deemed to be a material weakness.

**Cause:** Management did not have an effective closing process in place resulting in significant year-end adjustments.

**Effect:** Incorrect recording of accounting records could lead to a material misstatement on the financial statements.

**Recommendation:** We recommend that the process for identifying accounting transactions be reviewed and updated.

**Finding 2024-002 Repeat of PY 2023-001: Expense and Accounts Payable Reconciliations**

**Criteria:** Accounts payable and expenses are to be recognized as incurred. Subsequent clearing of accounts payable should occur upon payment of funds to a vendor or provider. Expenses and accounts payable should be reconciled on a monthly basis to ensure payment of expenses are properly recorded.

**Condition:** As a result of our audit procedures, we noted incorrect recognition and clearing of accounts payable causing improper account balances related to accounts payable.

**Cause:** Lack of effective controls surrounding accounts payable and expense.

**Effect:** Misstatement, errors, and irregularities in the financial statements.

**Recommendation:** We recommend the Coalition implement procedures to ensure that all accounts payable and expense accounts are reconciled on a monthly basis and the use of the accounting software is correctly utilized for accounts payable reporting.

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

There were no findings identified that were required to be reported to those charged with governance in accordance with 2 CFR 200.516(a) or State of Florida, Chapter 10.650, *Rules of the Florida Auditor General*, during the year ended June 30, 2024.

**EARLY LEARNING COALITION OF THE BIG BEND REGION, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**JUNE 30, 2024**

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

**Finding 2023-001 Repeat of PY 2022-002: Expense and Accounts Payable Reconciliations**

**Criteria:** Accounts payable and expenses are to be recognized as incurred. Subsequent clearing of accounts payable should occur upon payment of funds to a vendor or provider. Expenses and accounts payable should be reconciled on a monthly basis to ensure payment of expenses are properly recorded.

**Condition:** As a result of our audit procedures, we noted incorrect recognition and clearing of accounts payable at the beginning of the engagement causing improper account balances related to accounts payable and cash.

**Cause:** Lack of effective controls surrounding accounts payable and expense.

**Effect:** Misstatement, errors, and irregularities in the financial statements.

**Recommendation:** We recommend the Coalition implement procedures to ensure that all accounts payable, expense, and cash accounts are reconciled on a monthly basis and the use of the accounting software is correctly utilized for accounts payable reporting.

**Resolution:** Unresolved, see current year finding 2024-002.

**Finding 2023-002: Internal Control over Compliance and Compliance with Cash Management**

**Federal Programs ALN: 93.575, 93.596, 93.558**

**Criteria:** In accordance with the grant agreement, and Division of Early Learning (DEL) Program Guidance 240.01, *Cash Management Procedures*, any advance that cannot be expended or offset by September 18, must be returned to DEL by September 30 of the following year.

**Condition:** The Coalition did not timely remit the unexpended advance related to the 2022-2023 fiscal year in compliance with the grant agreement and DEL Program Guidance.

**Cause:** Lack of effective controls surrounding cash management and review of controls to ensure compliance with grant and DEL Program Guidance.

**Effect:** The Coalition did not timely remit the unexpended advance related to the 2022-2023 fiscal year to DEL until January 8, 2024.

**Recommendation:** We recommend the Coalition implement procedures to ensure that all advances are reconciled on a monthly basis and remitted to DEL in accordance with the grant agreement and DEL guidance.

**Resolution:** Resolved.

**EARLY LEARNING COALITION OF THE BIG BEND REGION, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**JUNE 30, 2024**

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

**Finding 2023-003: Internal Control over Compliance and Compliance with Cash Management**

**State Project CFSA: 48.108**

**Criteria:** In accordance with the grant agreement and Division of Early Learning (DEL) Program Guidance 240.01, *Cash Management Procedures*, and Rules 6M-8.205 *Florida Statutes*, any advance that cannot be expended or offset by September 18, must be returned to DEL by September 30 of the following year.

**Condition:** The Coalition did not timely remit the unexpended advance related to the 2022-2023 fiscal year in compliance with the grant agreement and DEL Program Guidance.

**Cause:** Lack of effective controls surrounding cash management and review of controls to ensure compliance with grant and DEL Program Guidance.

**Effect:** The Coalition did not timely remit the unexpended advance related to the 2022-2023 fiscal year to DEL until January 8, 2024.

**Recommendation:** We recommend the Coalition implement procedures to ensure that all advances are reconciled on a monthly basis and remitted to DEL in accordance with the grant agreement and DEL guidance.

**Resolution:** Resolved.



## MANAGEMENT LETTER

### *Partners*

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To the Board of Directors of  
Early Learning Coalition of the Big Bend Region, Inc.  
Tallahassee, Florida

### **Report on the Financial Statements**

We have audited the financial statements of the Early Learning Coalition of the Big Bend Region, Inc., as of and for the fiscal year ended June 30, 2024, and have issued our report thereon dated March 27, 2025.

### **Auditor's Responsibility**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained *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 10.650, Rules of the Auditor General.

### **Other Reporting Requirements**

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditor's Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated March 27, 2025, should be considered in conjunction with this management letter.

### **Additional Matters**

Section 10.654(1)(e), Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements or State project amounts that is less than material but warrants the attention of those charged with governance. In connection with our audit, we disclosed material weakness findings which are disclosed in Section III of the Schedule of Findings and Questioned Costs.

### **Purpose of this Letter**

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Board of Directors, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

*Moss, Krusick & Associates, LLC*

Winter Park, Florida  
March 27, 2025

## MANAGEMENT'S CORRECTIVE ACTION PLAN



### Chief Executive Officer

Lizbeth L. Murphy

### Executive Committee

Alyssa Beaubien  
Board Chair

Millicent Tizol  
Vice Chair, Secretary

Paul Mitchell  
Treasurer, Finance Committee  
Chair

Sarah Gosselin,  
Program, Policy, and Strategy  
Committee Chair

Ryan Poole  
Audit Committee Chair

Darrel James  
Ad Hoc Committee  
Chair

### Board Members

Kim Sims

Diane Head

Adrian Cooksey

Maureen O'Neil

Stacey Duggar

Miatta Jalaber

Terrence Watts

Kristin Inserra

David Roberts



### Finding 2024-001: Preparation of Financial Statements and Significant Adjustments

**Criteria:** Management is responsible for the preparation and fair presentation of these financial statements.

**Condition:** Adjustments were required to be made to the accounting records subsequent to the start of the audit process. Since these cumulative adjustments resulted in a material misstatement of the financial statements, this deficiency is deemed to be a material weakness.

**Cause:** Management did not have an effective closing process in place resulting in significant year-end adjustments.

**Effect:** Incorrect recording of accounting records could lead to a material misstatement on the financial statements.

**Recommendation:** We recommend that the process for identifying accounting transactions be reviewed and updated.

**Corrective Action Plan:** Management will review the process for identifying accounting transactions and ensure they are updated. Management will identify training opportunities for staff and restructure staff and function as needed.

**Responsible Party:** Felicia Milton, CFO

**Anticipated Completion Date:** March 2025

### Finding 2024-002: Expense and Accounts Payable Reconciliations

**Criteria:** Accounts payable and expenses are to be recognized as incurred. Subsequent clearing of accounts payable should occur upon payment of funds to a vendor or provider. Expenses and accounts payable should be reconciled on a monthly basis to ensure payment of expenses are properly recorded.

**Condition:** As a result of our audit procedures, we noted incorrect recognition and clearing of accounts payable causing improper account balances related to accounts payable.

**Cause:** Lack of effective controls surrounding accounts payable and expense.

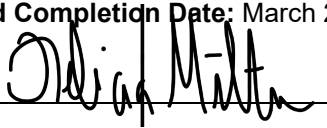
**Effect:** Misstatement, errors, and irregularities in the financial statements.

**Recommendation:** We recommend the Coalition implement procedures to ensure that all accounts payable and expense accounts are reconciled on a monthly basis and the use of the accounting software is correctly utilized for accounts payable reporting.

**Corrective Action Plan:** Management will make sure that accounts payable reconciliations are completed monthly. Reconciliations will be reviewed and approved with supporting documentation for accuracy and timeliness.

**Responsible Party:** Felicia Milton, CFO

**Anticipated Completion Date:** March 2025

Signature: 

Title: Chief Financial Officer

Date: March 27, 2025