

**THE EARLY LEARNING COALITION
OF FLAGLER AND VOLUSIA COUNTIES, INC.**

FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

THE EARLY LEARNING COALITION OF FLAGLER AND VOLUSIA COUNTIES, INC.
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JUNE 30, 2025 AND 2024

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors,
The Early Learning Coalition of Flagler and Volusia Counties, Inc.:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of The Early Learning Coalition of Flagler and Volusia Counties, Inc., (the Coalition) which comprise the statements of financial position as of June 30, 2025 and 2024, 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 accompanying financial statements present fairly, in all material respects, the financial position of the Coalition as of June 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Auditors' 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' 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 auditors' 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS 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.

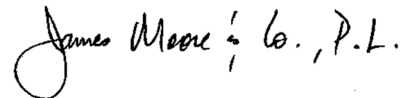
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards, State Financial Assistance, and State Matching of Federal Awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.650, Rules of the Auditor General, 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 information 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 January 27, 2026, 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 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 Early Learning Coalition of Flagler and Volusia Counties, Inc.'s internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large initial 'J'.

Daytona Beach, Florida
January 27, 2026

THE EARLY LEARNING COALITION OF FLAGLER AND VOLUSIA COUNTIES, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2025 AND 2024

	2025	2024
<u>ASSETS</u>		
Current assets		
Cash and cash equivalents	\$ 1,553,352	\$ 4,052,323
Contracts and grants receivable	2,886,655	1,148,934
Prepaid expenses and other current assets	161,184	64,165
Total current assets	4,601,191	5,265,422
Property and equipment, net	48,894	62,225
Total Assets	\$ 4,650,085	\$ 5,327,647
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities		
Accounts payable and due to providers	\$ 2,208,557	\$ 4,184,465
Accrued expenses	710,842	695,937
Refundable advances	1,432,723	119,357
Total current liabilities	4,352,122	4,999,759
Net assets		
Without donor restrictions		
Unrestricted	153,200	134,371
Invested in property and equipment	48,894	62,225
With donor restrictions		
Purpose restrictions	95,869	131,292
Total net assets	297,963	327,888
Total Liabilities and Net Assets	\$ 4,650,085	\$ 5,327,647

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

THE EARLY LEARNING COALITION OF FLAGLER AND VOLUSIA COUNTIES, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024
Without Donor Restrictions		
Revenue and support		
Program support:		
Federal awards	\$ 24,500,336	\$ 36,737,122
State financial assistance	11,201,398	10,966,100
State general revenue funding	8,086,679	5,723,779
Other contract and grant funding	12,662	13,950
Interest income	6,323	7,283
Local contributions and donations	1,006,294	1,203,338
Net assets released from purpose restrictions	179,510	177,965
Total revenue and support	44,993,202	54,829,537
Expenses		
Program services:		
School Readiness	31,729,347	31,244,730
Voluntary Pre-kindergarten	10,854,653	10,771,159
ARPA	-	9,442,247
Other Program	1,198,769	1,253,961
Total program services	43,782,769	52,712,097
Supporting services:		
Management and general	1,204,935	2,127,152
Total expenses	44,987,704	54,839,249
Change in net assets without donor restrictions	5,498	(9,712)
With Donor Restrictions		
Contributions	144,087	144,872
Net assets released from purpose restrictions	(179,510)	(177,965)
Change in net assets with donor restrictions	(35,423)	(33,093)
Change in net assets	(29,925)	(42,805)
Net Assets, beginning of year	327,888	370,693
Net Assets, end of year	\$ 297,963	\$ 327,888

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

THE EARLY LEARNING COALITION OF FLAGLER AND VOLUSIA COUNTIES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2025

	Program Services				Support Services	Total Expenses	
	School Readiness	Voluntary Pre-Kindergarten (VPK)	ARPA	Other Programs	Total Program Services		Management and General
Purchase of services	\$ 27,329,852	\$ 10,554,126	\$ -	\$ 689,764	\$ 38,573,742	\$ -	\$ 38,573,742
Salary and related expenses	3,048,610	215,293	-	216,241	3,480,144	896,769	4,376,913
Professional fees	103,933	17,107	-	176	121,216	47,555	168,771
Office and storage rent	188,574	15,092	-	2,386	206,052	50,166	256,218
Community outreach	276,103	27	-	261,657	537,787	58,682	596,469
Materials and supplies	14,370	816	-	367	15,553	5,172	20,725
Insurance	34,490	1,940	-	421	36,851	10,775	47,626
Printing and publications	49	11	-	-	60	3,480	3,540
Equipment and leasing	21,477	1,360	-	-	22,837	8,332	31,169
Postage and shipping	2,410	95	-	1,019	3,524	606	4,130
Travel	56,011	5,431	-	3,369	64,811	8,582	73,393
Miscellaneous	2,472	123	-	6,778	9,373	25,107	34,480
Employee education and training	25,841	431	-	166	26,438	5,862	32,300
Provider education and training	460,813	36,060	-	-	496,873	9,404	506,277
Provider stipends and grants	67,048	-	-	-	67,048	14,735	81,783
Telephone and utilities	60,680	4,838	-	813	66,331	17,362	83,693
Depreciation	-	-	-	13,331	13,331	-	13,331
Computer and information technology	27,395	1,479	-	1,388	30,262	33,040	63,302
Licenses and fees	99	6	-	-	105	225	330
Dues and subscriptions	9,120	418	-	893	10,431	9,081	19,512
Total expenses before allocation	<u>31,729,347</u>	<u>10,854,653</u>	<u>-</u>	<u>1,198,769</u>	<u>43,782,769</u>	<u>1,204,935</u>	<u>44,987,704</u>
Allocation of Management and General	870,404	334,531	-	-	1,204,935	(1,204,935)	-
Total Expenses	<u><u>\$ 32,599,751</u></u>	<u><u>\$ 11,189,184</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,198,769</u></u>	<u><u>\$ 44,987,704</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 44,987,704</u></u>

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

THE EARLY LEARNING COALITION OF FLAGLER AND VOLUSIA COUNTIES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024

	Program Services				Total Program Services	Support Services	Total Expenses
	School Readiness	Voluntary Pre- Kindergarten (VPK)	ARPA	Other Programs		Management and General	
Purchase of services	\$ 26,504,202	\$ 10,501,760	\$ 542,576	\$ 629,532	\$ 38,178,070	\$ 240,194	\$ 38,418,264
Salary and related expenses	2,755,426	215,961	37,225	237,203	3,245,815	1,139,532	4,385,347
Professional fees	99,854	5,857	169	35,982	141,862	100,476	242,338
Office and storage rent	163,408	16,022	93	17,750	197,273	102,052	299,325
Community outreach	134,977	8	1,225,099	266,061	1,626,145	344,026	1,970,171
Materials and supplies	15,816	1,164	10	513	17,503	5,711	23,214
Insurance	23,391	1,846	15	30	25,282	9,253	34,535
Printing and publications	-	-	-	-	-	54	54
Equipment and leasing	61,380	4,156	73	839	66,448	27,963	94,411
Postage and shipping	1,886	168	90	80	2,224	992	3,216
Travel	47,578	4,466	1,792	3,414	57,250	9,137	66,387
Miscellaneous	477	56	2,612	9,383	12,528	22,221	34,749
Employee education and training	23,613	3,145	76,210	4,124	107,092	13,256	120,348
Provider education and training	975,216	(16)	211,709	28,863	1,215,772	22,982	1,238,754
Provider stipends and grants	312,145	-	6,554,101	1,475	6,867,721	-	6,867,721
Telephone and utilities	64,559	6,161	266	1,842	72,828	21,595	94,423
Depreciation	-	-	-	15,318	15,318	-	15,318
Computer and information technology	56,440	10,213	227,420	107	294,180	43,554	337,734
Licenses and fees	314	15	-	-	329	240	569
Dues and subscriptions	4,048	177	562,787	1,445	568,457	23,914	592,371
Total expenses before allocation	<u>31,244,730</u>	<u>10,771,159</u>	<u>9,442,247</u>	<u>1,253,961</u>	<u>52,712,097</u>	<u>2,127,152</u>	<u>54,839,249</u>
Allocation of Management and General	839,145	268,423	859,799	159,785	2,127,152	(2,127,152)	-
Total Expenses	<u><u>\$ 32,083,875</u></u>	<u><u>\$ 11,039,582</u></u>	<u><u>\$ 10,302,046</u></u>	<u><u>\$ 1,413,746</u></u>	<u><u>\$ 54,839,249</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 54,839,249</u></u>

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

THE EARLY LEARNING COALITION OF FLAGLER AND VOLUSIA COUNTIES, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024
Cash flows from operating activities		
Change in net assets	\$ (29,925)	\$ (42,805)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	13,331	15,318
(Increase) decrease in operating assets		
Contracts and grants receivable	(1,737,721)	458,524
Prepaid expenses and other current assets	(97,019)	42,655
Increase (decrease) in operating liabilities		
Accounts payable and due to providers	(1,975,908)	291,734
Accrued expenses	14,905	168,692
Refundable advances	1,313,366	26,428
Total adjustments	(2,469,046)	1,003,351
Net cash provided by (used in) operating activities	(2,498,971)	960,546
Net change in cash and cash equivalents	(2,498,971)	960,546
Cash and cash equivalents, beginning of year	4,052,323	3,091,777
Cash and cash equivalents, end of year	\$ 1,553,352	\$ 4,052,323

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

THE EARLY LEARNING COALITION OF FLAGLER AND VOLUSIA COUNTIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

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

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

(a) **Coalition and purpose**—The Early Learning Coalition of Flagler and Volusia Counties, Inc. is organized as a not-for-profit corporation for the purpose of providing child care financial assistance and related support services for low-income families in Flagler and Volusia counties. The Coalition provides its program services by administering Federal and State School Readiness (SR), Voluntary Pre-Kindergarten (VPK), Outreach and Awareness, and Other Programs through a comprehensive network of contracted early learning and child care providers. The Coalition provides these services primarily through recurring funding through Florida Department of Education’s Division of Early Learning (DEL). The Coalition is governed by a twenty-seven member Board of Directors, and various focused subcommittees thereof.

(b) **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.

(c) **Basis of presentation**—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 that are not subject to donor-imposed restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed stipulations. Some donor-imposed restrictions are temporary in nature, such as those that will be met either by actions of the Coalition and/or the passage of time. Other donor-imposed restrictions are perpetual in nature that will not be met by either actions of the Coalition or the passage of time.

(d) **Cash and cash equivalents**—Cash and cash equivalents consist of cash on hand and cash in banks. For purposes of the statements of cash flows, the Coalition considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

(e) **Contracts and grants receivable**—Contracts and grants receivable represent uncollected reimbursement requests presented to DEL for payment as of June 30, 2025, 2024, and 2023. Unbilled receivables represent expenses incurred as of June 30, 2025, 2024, and 2023, that were not yet billed to DEL at year-end. Management believes that the entire balance of these receivables is collectible, based on amounts subsequently collected and prior collection history. Accordingly, no allowance for potentially uncollectible contracts, grants, or unbilled receivables is provided.

(f) **Deferred revenue**—Deferred revenue, if any, primarily consists of advances received for contracted programs and fundraising events that apply to future periods with a right of return. Contract liabilities are reported as deferred revenue in the accompanying statements of financial position. There were no such amounts at June 30, 2025, 2024, and 2023.

(g) **Property and equipment**—The Coalition capitalizes all assets acquired in excess of \$5,000 for property and equipment. Property and equipment are carried at cost for purchased assets and at fair value at date of donation for donated assets.

THE EARLY LEARNING COALITION OF FLAGLER AND VOLUSIA COUNTIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

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

Depreciation is calculated using the straight-line method over the following estimated lives:

Leasehold improvements	5 years
Computer equipment	3 – 5 years
Office equipment	2 – 5 years
Vehicles	10 years

(h) **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.

(i) **Expense allocation**—The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and the statements of functional expenses. Salaries and other program support service expenses, which benefit more than one program, are allocated to the various programs based on relative benefit, as determined by management based on estimates of time and effort using personnel activity reports (PARs) and full-time-equivalent (FTE) estimates. These allocation methods are reasonable and applied consistently from period to period.

(j) **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.

(k) **Revenue and revenue recognition**—The Coalition recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. The Coalition bills federal, state, and local governmental entities for services provided. Revenue is recognized when expenses are declared and billed. Any charges for services revenue are recognized as performance obligations are satisfied, which is at a point in time when the services are provided.

A significant portion of the Coalition’s revenue is derived from cost-reimbursable federal and state contracts and grants, and support raised to meet the conditions of the required grant match, as discussed in Note (5), which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as without donor restricted grant revenue when we have met performance requirements and incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures or meeting other conditional performance requirement barriers are reported as refundable advances in the statements of financial position. The Coalition received amounts in advance under and for federal, state, and local contracts and grants of \$1,432,723, \$119,357, and \$92,929 that have not been recognized as of June 30, 2025, 2024, and 2023, respectively, because qualifying expenditures have not yet been incurred.

THE EARLY LEARNING COALITION OF FLAGLER AND VOLUSIA COUNTIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

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

(l) **Subsequent events**—The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through January 27, 2026, the date the financial statements were available to be issued. No subsequent events have been recognized or disclosed.

(m) **Recently issued accounting pronouncements**—The Financial Accounting Standards Board (FASB) and other entities issued new or modifications to, or interpretations of existing accounting guidance during the year. The Organization has considered the new pronouncements that altered accounting principles generally accepted in the United States of America, and other than as disclosed in the notes to the financial statements, does not believe that any other new or modified principles will have a material impact on the Organization’s reported financial position or operations in the near term.

(n) **Reclassifications**— Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

(2) **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 at June 30:

	2025	2024
Cash and cash equivalents	\$ 1,553,352	\$ 4,052,323
Net assets with donor restrictions	(95,870)	(131,292)
Contracts and grants receivable	2,886,655	1,148,934
Total	\$ 4,344,137	\$ 5,069,965

(3) **Retirement Plan:**

The Coalition maintains a retirement plan (the “Plan”) for the benefit of its employees. The Plan is a defined-contribution plan for all full-time employees with six months of service. Employees become fully vested in the Plan after completing one year of service. Through February 19, 2012, the Coalition contributed 3% of earnings on behalf of each participant. Thereafter, the Coalition changed the Plan to match contributions of up to 3% of the employee’s salary. For the years ended June 30, 2025 and 2024, the Coalition contributed approximately \$65,943 and \$61,873, respectively, to the Plan.

THE EARLY LEARNING COALITION OF FLAGLER AND VOLUSIA COUNTIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

(4) Property and Equipment:

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

	2025	2024
Leasehold improvements	\$ 62,270	\$ 62,270
Computer equipment	79,906	79,906
Office equipment	30,855	30,855
Vehicles	69,300	69,300
	242,331	242,331
Less: Accumulated depreciation	(193,437)	(180,106)
Total	\$ 48,894	\$ 62,225

DEL holds a reversionary interest in all nonexpendable, tangible personal property acquired with funds received from DEL. Depreciation expense for the years ended June 30, 2025 and 2024, was \$13,331 and \$15,318, respectively.

(5) Support Requiring Matching Funds:

The Coalition receives a substantial portion of its support from the State of Florida and the U.S. Department of Health and Human Services passed through DEL. For the years ended June 30, 2025 and 2024, the DEL grant provided by the State of Florida required a dollar-for-dollar matching of all SR Match expenditures, totaling \$298,061 and \$185,196, respectively.

(6) Operating Leases:

The Coalition has elected to apply the short-term lease exemption to its class of underlying assets of office space. In the years ended June 30, 2025 and 2024, the Coalition has only a small number of leases within this class of underlying assets that qualify for the exemption. For the years ended June 30, 2025 and 2024, the short-term lease cost recognized and disclosed for those leases was approximately \$225,493 and \$272,923, respectively. The remaining lease payments due in the year ended June 30, 2026, are \$350,628.

(7) Commitments and Contingencies:

(a) **Grant administration**—Amounts received or receivable from governmental agencies are subject to audit and adjustment by grantor agencies, principally federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the Coalition. 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.

(b) **Revenue concentration**—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 respective years ended June 30, 2025 and 2024, 54% and 67% of the Coalition’s revenues and support were from the Federal government passed through the DEL. In addition, for the respective years ended June 30, 2025 and 2024, 43% and 30% of the Coalition’s revenues and support were from DEL through state financial assistance and matching funds.

THE EARLY LEARNING COALITION OF FLAGLER AND VOLUSIA COUNTIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

(7) **Commitments and Contingencies:** (Continued)

(c) **Concentration of credit risk**—The Coalition maintains demand deposit accounts with a financial institution, which are insured up to limits defined by the Federal Deposit Insurance Corporation and the Securities Investor Protection Corporation. At June 30, 2025 and 2024, account balances exceeded federally insured limits by \$1,331,089 and \$4,588,755, respectively. The Coalition has not experienced any losses in such accounts, and believes that it is not exposed to any significant credit risk on cash and cash equivalents.

(d) **Contingencies**—As described further in the schedule of findings and questioned costs, as listed in the table of contents, beginning July 1, 2018, DEL launched a new Statewide Information System for client and data management, EFS Mod. Due to difficulties in the implementation and data migration from the prior system and a lack of functionality in the SR attendance module for all twelve months of the fiscal years ended June 30, 2025 and 2024. Coalitions were prevented from complying with monthly reconciliation requirements as instructed in DEL’s grant agreements. Given the issues related to the data migration, DEL instructed the Coalition beginning in July 2018 to pay providers based on estimated attendance, with a corrective plan to reconcile estimates to actual attendance data once EFS Mod was fully functional. However, system functionality challenges remain and corrections are ongoing for both data mismatches and records in EFS Mod.

To date, management and DEL are working together to reconcile the remaining School Readiness provider payments and attendance records, as corrected data and functionality becomes available in EFS Mod. The remaining reconciliation as of June 30, 2025, as self-reported to DEL, is as follows:

Total SR reconciliation variance	\$	519,926
Estimated overpayments to 84 providers		(510,961)
Remaining SR variances to be determined		<u>8,965</u>

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

Net assets with donor-imposed restrictions that apply to all of the Organization’s programs consists of the following as of June 30:

	<u>2025</u>	<u>2024</u>
Family support	\$ 15,781	\$ 14,200
Quality initiative	31,119	40,282
Literacy	43,966	71,895
ELCFV activities	5,003	4,915
Total net assets with donor restrictions	<u>\$ 95,869</u>	<u>\$ 131,292</u>

Net assets were released from donor restrictions during the years ended June 30 by incurring expenses satisfying the purpose restrictions specified by donors as follows:

	<u>2025</u>	<u>2024</u>
Family support	\$ 13,329	\$ 11,784
Quality initiative	34,668	34,668
Literacy	130,483	130,483
ELCFV activities	1,030	1,030
Total net assets released from restrictions	<u>\$ 179,510</u>	<u>\$ 177,965</u>

**THE EARLY LEARNING COALITION OF FLAGLER AND VOLUSIA COUNTIES, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, STATE FINANCIAL
ASSISTANCE, AND STATE MATCHING OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025**

FEDERAL/ STATE AGENCY PASS THROUGH ENTITY FEDERAL PROGRAM/ STATE PROJECT	ASSISTANCE LISTING/ CSFA NUMBER	FUNDING PERIOD	PASS THROUGH IDENTIFYING NUMBER/ GRANT CONTRACT IDENTIFICATION NUMBER	EXPENDITURES
FEDERAL AWARDS				
Department of Health and Human Services				
Passed through Florida Department of Education, Division of Early Learning:				
Child Care Development Fund (CCDF) Cluster:				
Child Care Development Block Grant	93.575	7/1/24-6/30/25	EL185	\$ 13,693,581
Child Care Development Block Grant	93.575	7/1/24-6/30/25	EL186	2,452,774
COVID-19 - Child Care Development Block Grant (ARPA Discretionary)	93.575	7/1/24-6/30/25	EL185	2,141,516
Child Care Mandatory and Matching Funds of the CCDF (CCDF Mandatory)	93.596	7/1/24-6/30/25	EL185	2,909,140
Child Care Mandatory and Matching Funds of the CCDF (CCDF Mandatory)	93.596	7/1/24-6/30/25	EL186	37,777
Total Child Care Development Fund (CCDF) Cluster				<u>21,234,788</u>
Temporary Assistance to Needy Families (TANF)	93.558	7/1/24-6/30/25	EL185	3,546,038
Temporary Assistance to Needy Families (TANF)	93.558	7/1/24-6/30/25	EL186	30,495
Total Temporary Assistance to Needy Families (TANF)				<u>3,576,533</u>
Social Services Block Grant	93.667	7/1/24-6/30/25	EL185	11,441
Total Department of Health and Human Services				<u>24,822,762</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS				<u><u>\$ 24,822,762</u></u>
STATE FINANCIAL ASSISTANCE				
Florida Department of Education:				
Direct:				
Voluntary Pre-Kindergarten Program - VPK	48.108	7/1/24-6/30/25	EL185	\$ 11,102,143
Designated State General Revenue Unrestricted	SGU	7/1/24-6/30/25	EL185	84,866
Designated State General Revenue Unrestricted	SGU	7/1/24-6/30/25	EL186	14,389
Total Designated State General Revenue Unrestricted				<u>99,255</u>
Total Florida Department of Education				<u>11,201,398</u>
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE				<u><u>\$ 11,201,398</u></u>
STATE MATCHING OF FEDERAL AWARDS				
State Matching of Federal Awards (93.596)	N/A	7/1/24-6/30/25	EL185	\$ 4,796,761
State Matching of Federal Awards (93.596)	N/A	7/1/24-6/30/25	EL186	96,923
State Matching of Federal Awards (93.558)	N/A	7/1/24-6/30/25	EL185	3,192,995
Total State Matching of Federal Awards				<u><u>\$ 8,086,679</u></u>
TOTAL EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE AND MATCHING OF FEDERAL AWARDS				<u><u>\$ 44,110,839</u></u>

The accompanying notes to the schedule of expenditures of federal awards, state financial assistance, and state matching of federal awards are an integral part of this schedule.

**THE EARLY LEARNING COALITION OF FLAGLER AND VOLUSIA COUNTIES, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, STATE FINANCIAL
ASSISTANCE, AND STATE MATCHING OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025**

(1) **Basis of Presentation:**

The accompanying Schedule of Expenditures of Federal Awards, State Financial Assistance, and State Matching of Federal Awards (the Schedule) includes the Federal awards and State financial assistance activity of The Early Learning Coalition of Flagler and Volusia Counties, Inc. (the Coalition), under programs of the Federal and State government for the year ended June 30, 2025, 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) and Chapter 10.650, Rules of the Auditor General. Because the Schedule presents only a selected portion of the operations of the Coalition, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Coalition.

(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 allowable or are limited as to reimbursement.

Pass-through entity identifying numbers are presented where available.

No amounts were passed through to subrecipients during the year ended June 30, 2025.

(3) **De Minimis Indirect Cost Rate Election:**

Indirect cost rate is dictated by federal and state contract terms. The *de minimis* indirect cost rate as allowed under the Uniform Guidance is not in effect nor is it available under these contracts.

**INDEPENDENT AUDITORS' 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,
The Early Learning Coalition of Flagler and Volusia Counties, Inc.:

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of The Early Learning Coalition of Flagler and Volusia Counties, Inc. (the "Coalition"), which comprise the statement of financial position as of June 30, 2025, 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 January 27, 2026.

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 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 Coalition'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.

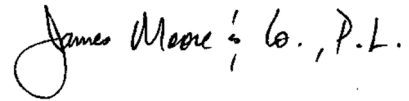
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not 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 Early Learning Coalition of Flagler and Volusia Counties, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

James Moore & Co., P.L.

Daytona Beach, Florida
January 27, 2026

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

To the Board of Directors,
The Early Learning Coalition of Flagler and Volusia Counties, Inc.:

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 Flagler and Volusia Counties, Inc.'s ("the Coalition") compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (*OMB Compliance Supplement*), the requirements described in the Florida Department of Financial Services' *State Projects Compliance Supplement*, and special audit guidance provided by the State of Florida Division of Early Learning (DEL) that could have a direct and material effect on each of the Coalition's major federal programs and major state projects for the year ended June 30, 2025. The Coalition'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, the Coalition complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and major state projects for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 State of Florida, Division of Early Learning. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Coalition and to meet our 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.

Auditors' 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 GAAS, *Government Auditing Standards*, the Uniform Guidance, Chapter 10.650, Rules of the Auditor General, and special audit guidance provided by the DEL, 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.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, Chapter 10.650, Rules of the Auditor General, and special audit guidance provided by the DEL, 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 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, 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

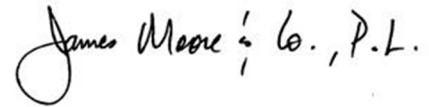
A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control*

over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program 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 Auditors' 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, Chapter 10.650, Rules of the State of Florida Office of the Auditor General, and special audit guidance provided by the DEL. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large, looping initial 'J'.

Daytona Beach, Florida
January 27, 2026

**THE EARLY LEARNING COALITION OF FLAGLER AND VOLUSIA COUNTIES, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025**

I Summary of Auditors' Results: (Continued)

Any audit findings disclosed that are required to be reported related to state financial assistance projects? ___ yes X no

Identification of major State projects:

State Project	State CSFA Number
Voluntary Pre-Kindergarten Program – VPK	48.108
Dollar threshold used to distinguish between type A and type B State programs:	\$ 750,000

II. Financial Statement Findings: None

III. Federal Award Findings and Questioned Costs: None

IV. State Project Findings and Questioned Costs: None

V. Prior Year Audit Findings: None.

VI. Management Letter in Accordance with Chapter 10.650, Rules of the State of Florida, Office of the Auditor General: See pages 24 – 25.

VII. State of Florida, Department of Education – Division of Early Learning (DEL) Reporting Requirements:

- | | |
|--|----------------|
| 1. Enhanced Fields System (EFS Mod) reconciled monthly to Coalition financial records | 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 | No – See below |
| 4. Audit work papers documenting verification of reconciliations available to DEL staff | Yes |

In July 2018, the Division of Early Learning launched a new Statewide Information System for client and data management, EFS Mod, and experienced difficulties in the implementation and functionality, specifically data migration and the School Readiness (SR) attendance modules. The impact on the Coalition is limited to the overpayment and/or underpayments of child care providers (providers) and EFS Mod-related issues did not impact the scope of the DEL on-site financial monitoring processes or the related fiscal operations for the Coalition for the fiscal year ended June 30, 2025.

THE EARLY LEARNING COALITION OF FLAGLER AND VOLUSIA COUNTIES, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025

VII State of Florida, Department of Education – Division of Early Learning (DEL) Reporting Requirements: (Continued)

DEL communicated these issues to the Coalition for the 2019 through 2025 fiscal year audits, including the absence of EFS Mod system functionality through August 2020 and the ongoing efforts by DEL to correct the data migration errors that resulted in SR data mismatches. DEL is currently working on procedures to reconcile provider payments, with an emphasis on provider underpayments and the development of procedures and tools to assist the Coalition with repayment plans for provider overpayments. In addition, DEL received approval in February 2020 from the School Readiness program granting agency, the U.S. Department of Health and Human Services, for a waiver of provider overpayments under a small dollar threshold of \$1,500. DEL will continue to provide on-going support and assistance to the Coalition and continue work to minimize any disruptions to the 2026 fiscal year's program services or operations and reduce the remaining reconciliation amount from the period through August 2020.

MANAGEMENT LETTER

To the Board of Directors,
The Early Learning Coalition of Flagler and Volusia Counties, Inc.:

Report on the Financial Statements

We have audited the financial statements of The Early Learning Coalition of Flagler and Volusia Counties, Inc. (the Coalition), as of and for the fiscal year ended June 30, 2025, and have issued our report thereon dated January 27, 2026.

Auditors' 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 in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.650, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors' 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 Auditors' Report on Compliance for Each Major Federal Program and State Project, and Report on Internal Control over Compliance in accordance with the Uniform Guidance, and Chapter 10.650, Rules of the Auditor General; and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated January 27, 2026, should be considered in conjunction with this management letter.

Additional Matters

Section 10.654(1)(e), Rules of the Auditor General, requires that we 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 did not note any such findings.

Finally, Audit and Audit Resolution Responsibilities (OEL-IG-12-001), as provided by the Florida Department of Education, Division of Early Learning, Office of Inspector General, requires any other recommendations made to management to be included in this management letter. We have no such recommendations.

Purpose of this Report

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.

James Moore & Co., P.L.

Daytona Beach, Florida
January 27, 2026