

**EARLY LEARNING
COALITION OF LAKE
COUNTY, INC.**

**Financial Statements
and Supplemental
Information**

**Year Ended
June 30, 2025**

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INDEPENDENT AUDITOR'S REPORT

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To the Board of Directors of
Early Learning Coalition of Lake County, Inc.
Leesburg, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Early Learning Coalition of Lake County, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Early Learning Coalition of Lake County, Inc., as of June 30, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Early Learning Coalition of Lake County, Inc. 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 Early Learning Coalition of Lake County, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Early Learning Coalition of Lake County, Inc.'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 Early Learning Coalition of Lake County, Inc.'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*, State of Florida Chapter 10.650, *Rules of the Auditor General*, and special audit guidance provided by the Division of Early Learning, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and state financial assistance is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 4, 2026, on our consideration of Early Learning Coalition of Lake County, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Early Learning Coalition of Lake County, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Early Learning Coalition of Lake County, Inc.'s internal control over financial reporting and compliance.

Moss, Krusick & Associates, LLC

Winter Park, Florida
February 4, 2026

Early Learning Coalition of Lake County, Inc.

STATEMENT OF FINANCIAL POSITION

June 30, 2025

ASSETS

Current assets	
Cash and cash equivalents	\$ 1,094,243
Grants receivable	1,425,644
Prepays and other assets	<u>91,289</u>
Total current assets	2,611,176
Property and equipment, net	232,942
Operating lease right-of-use-asset	1,537,755
Intangible assets, net	326,298
Refundable deposits	<u>13,292</u>
Total assets	<u>\$ 4,721,463</u>

LIABILITIES AND NET ASSETS

Current liabilities	
Accounts payable and accrued expenses	\$ 2,259,209
Accrued leave	77,009
Accrued salaries and related expenses	51,145
Current portion of operating lease liability	163,006
Other liabilities	<u>33,463</u>
Total current liabilities	2,583,832
Non-current operating lease liability	<u>1,454,045</u>
Total liabilities	4,037,877
Net assets	
Without donor restrictions	<u>683,586</u>
Total liabilities and net assets	<u>\$ 4,721,463</u>

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

Early Learning Coalition of Lake County, Inc.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended June 30, 2025

REVENUES AND OTHER SUPPORT

Grants:

School Readiness	\$ 15,782,514
Voluntary Pre-Kindergarten	7,593,144
Help Me Grow Florida	183,105
Donations	109,939
Interest income	165

Total revenues and support 23,668,867

EXPENSES

Program services:

School Readiness	16,123,774
Voluntary Pre-Kindergarten	7,584,678
Enhancement programs	228,712

Total program services 23,937,164

Change in net assets (268,297)

NET ASSETS AT BEGINNING OF YEAR 951,883

NET ASSETS AT END OF YEAR \$ 683,586

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

Early Learning Coalition of Lake County, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2025

	Program Services			Total Program Services	Supporting Services	Total Expenses
	School Readiness	Voluntary Pre- Kindergarten	Enhancement Programs		Administration	
Personnel services						
Salaries and benefits	\$ 1,088,621	\$ 75,462	\$ 105,352	\$ 1,269,435	\$ 581,365	\$ 1,850,800
Taxes	67,315	5,048	7,488	79,851	36,450	116,301
	<u>1,155,936</u>	<u>80,510</u>	<u>112,840</u>	<u>1,349,286</u>	<u>617,815</u>	<u>1,967,101</u>
Program and provider services	13,310,383	7,186,524	5,410	20,502,317	-	20,502,317
Assessment and resource materials	380,784	-	43,562	424,346	101,493	525,839
Facility expenses	171,824	5,070	15,707	192,601	64,436	257,037
Small capital outlay and repairs	44,938	848	2,826	48,612	21,992	70,604
Temporary employment	47,912	-	-	47,912	8,963	56,875
IT / network	35,775	1,154	3,895	40,824	15,223	56,047
Travel	30,039	2,306	1,487	33,832	4,970	38,802
Other	19,811	54	7,050	26,915	7,499	34,414
Seminars and meetings	17,918	-	9,194	27,112	4,419	31,531
Insurance	19,012	256	1,787	21,055	9,784	30,839
Professional services	190	-	139	329	29,281	29,610
Advertising and outreach	16,149	60	8,560	24,769	1,158	25,927
Care provider education	19,469	-	5,220	24,689	-	24,689
Telecommunications	12,522	294	930	13,746	5,205	18,951
Office supplies	6,122	71	708	6,901	1,238	8,139
Mobile resource unit	4,979	-	150	5,129	-	5,129
Postage	16	-	-	16	4,329	4,345
	<u>14,137,843</u>	<u>7,196,637</u>	<u>106,625</u>	<u>21,441,105</u>	<u>279,990</u>	<u>21,721,095</u>
Expenses before depreciation, amortization and administration allocation	15,293,779	7,277,147	219,465	22,790,391	897,805	23,688,196
Depreciation	22,172	17,637	504	40,313	10,078	50,391
Amortization	198,577	-	-	198,577	-	198,577
Allocate administration costs	609,246	289,894	8,743	907,883	(907,883)	-
	<u>609,246</u>	<u>289,894</u>	<u>8,743</u>	<u>907,883</u>	<u>(907,883)</u>	<u>-</u>
Total functional expenses	<u>\$ 16,123,774</u>	<u>\$ 7,584,678</u>	<u>\$ 228,712</u>	<u>\$ 23,937,164</u>	<u>\$ -</u>	<u>\$ 23,937,164</u>

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

Early Learning Coalition of Lake County, Inc.

STATEMENT OF CASH FLOWS

Year Ended June 30, 2025

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from contributors and programs	\$ 23,409,317
Cash paid to suppliers and employees	(24,367,405)
Interest received	<u>165</u>
Net cash used in operating activities	<u>(957,923)</u>
Net decrease in cash and cash equivalents	(957,923)
Cash and cash equivalents, beginning of year	<u>2,052,166</u>
Cash and cash equivalents, end of year	<u><u>\$ 1,094,243</u></u>

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

Early Learning Coalition of Lake County, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE 1 – NATURE OF ORGANIZATION

Early Learning Coalition of Lake County, Inc. (the “Coalition”) is a non-profit organization, which is organized under the laws of the State of Florida for the purpose of ensuring delivery of comprehensive, accessible, affordable and high-quality school readiness and voluntary pre-kindergarten services in Lake County, Florida, for children ages 0-5. The Coalition adopted a name change in March 2005 and was formerly known as Lake County School Readiness Coalition, Inc. The Coalition's primary sources of revenue are from Federal and State grants.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. *Basis of Presentation* - The accompanying financial statements and accompanying schedules have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Coalition reports information regarding its financial position and activities according to two classes of net assets as follows:

Net Assets Without Donor Restrictions

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

Net Assets With Donor Restrictions

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

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

Some net assets with donor restrictions may include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the Coalition to expend the income generated by the assets in accordance with the provisions of additional donor imposed stipulations or a Board approved spending policy. As of June 30, 2025, the Coalition did not have any net assets with donor restrictions.

- B. *Cash and Cash Equivalents* - For purposes of the statement of cash flows, the Coalition considers all bank deposits with an original maturity date of three months or less to be cash equivalents.
- 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 Lake County, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- D. *Property and Equipment* - The Coalition's policy is to capitalize fixed assets having an acquisition cost or donated fair market value of \$1,000 or more. Ordinary maintenance and repair expenses are charged to expense as incurred.

Depreciation is computed on the straight-line basis over the expected life of the asset. Furniture and equipment are depreciated over five to fifteen years, computer software over three years and transportation equipment are depreciated over fifteen years.

Fixed assets acquired with federal grants are subject to regulations that require grantor agency approval to transfer, sale or otherwise dispose of the assets.

- E. *Grants receivable* - Grants receivable consists of grants due from federal and state governmental agencies and are recorded when services are provided. The grants receivable as of June 30, 2025 are due in less than one year and management believes they are fully collectible based on historical performance and forecast analysis.

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

The revenues from grants (or portion of grants) and other agreements, which require the Coalition to perform certain obligations, are recognized only to the extent they have been expended in accordance with the obligations. Restricted grants under which no program period is specified are recognized when received or receivable from the grantor agency.

- G. *Contributed Non-Financial Assets* - Donated services, materials, and facilities that are measurable are recorded as support at their fair market values at the date of receipt by the Coalition. A corresponding amount is recorded as expense or property and equipment. During the year ending June 30, 2025 the Coalition did not receive any donated services, materials, or facilities.

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

Early Learning Coalition of Lake County, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- H. *Leases (continued)* - Practical expedients and policy elections are available under the guidance, which was effective July 1, 2022. The Coalition elected the package of practical expedients permitted under the transition guidance, which among other things, did not require reassessment of whether contracts entered into prior to adoption are or contain a lease, and allowed carry forward of the historical lease classification for existing leases.

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

Future lease payments may include fixed rent escalation clauses or payments that depend on an index (such as the consumer price index).

The Coalition's leases include a non-lease component representing additional services transferred to the Coalition, such as common area maintenance for real estate. The Coalition made an accounting policy election to account for each separate lease component and the non-lease components associated with that lease component as a single lease component. Non-lease components that are variable in nature are recorded in variable lease expense in the period incurred.

- I. *Functional Expenses* - The cost of program and supporting services 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 benefitted. The Coalition's State of Florida approved cost allocation plan allow administrative costs to be allocated to program expenses.
- 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
- K. *Schedule of Expenditure of Federal Awards and State Financial Assistance* - The schedule is prepared on the accrual basis of accounting. Type A program threshold is the larger of \$750,000 or three percent of total expended. All other programs are Type B.
- L. *Compensated Absences* - The Coalition offers paid-time-off to eligible employees after ninety days of employment. Employees accrue between 7.27 hours to 10.35 hours per pay period depending upon years of service. Up to 120 hours of unused paid-time-off can be carried over to the following year. Upon termination of employment, up to 160 hours of unused paid-time-off will be paid.

Early Learning Coalition of Lake County, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- M. *Advertising* - Advertising costs are charged to expense as incurred. During the year ending June 30, 2025 advertising expense was \$25,927.
- N. *Subsequent Events* - The Coalition has evaluated subsequent events through February 4, 2026, and considers that date is when the financial statements were available to be issued.

NOTE 3 – FEDERAL AND STATE INCOME TAXES

Early Learning Coalition of Lake County, Inc. is a non-profit organization exempt from Federal and State income taxes under Section 501(c)(3) of the Internal Revenue Code. The Coalition follows the reporting and disclosure guidance for uncertainty in income taxes as defined in FASB ASC 740. The financial statement effects of a tax position taken or expected to be taken are recognized in the financial statements when it is more likely than not, based on the technical merits, that the position will be sustained upon examination.

As of June 30, 2025, the Coalition had no uncertain tax positions that qualify for recognition or disclosure in the financial statements. Generally, the IRS may review the returns for the past three years.

NOTE 4 – GRANTS RECEIVABLE

Amounts awarded but not received on June 30, 2025, under grants or contracts are as follows:

Florida's Division of Early Learning	\$ 1,362,969
Help Me Grow Florida	42,100
Other Receivables	<u>20,575</u>
Total	<u>\$ 1,425,644</u>

NOTE 5 – PROPERTY AND EQUIPMENT

A summary of property and equipment as of June 30, 2025, is as follows:

Furniture and equipment	\$ 555,917
Transportation equipment	66,375
Computer software	59,460
Less: accumulated depreciation	<u>(448,810)</u>
Net property and equipment	<u>\$ 232,942</u>

Depreciation expense for the year ended June 30, 2025, was \$50,391.

Early Learning Coalition of Lake County, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE 6 – CONCENTRATION OF CREDIT RISK

The Coalition maintains four accounts at one financial institution in Lake County. The aggregate amount of the accounts insured by the Federal Deposit Insurance Corporate (FDIC) is \$250,000. As of June 30, 2025, the Coalition had no amounts exceeding the federally insured limit and has not incurred any losses due to uninsured amounts. The Coalition maintains a sweep account to further limit any losses on amounts exceeding FDIC limits.

NOTE 7 – CONCENTRATION OF SUPPORT

Approximately 99% of the Coalition's total support for the year ended June 30, 2025, was provided by the Florida's Division of Early Learning, a state agency. Future revenue remains dependent on continued budgetary allocations by the State of Florida.

NOTE 8 – LEASE ASSET AND LEASE LIABILITY

Effective January 1, 2021, the Coalition signed a seven-year lease with NC Leesburg, LLC at 1300 Citizens Boulevard, Suite 206.

The Coalition has an option to renew for a term of five years which may be exercised by providing the landlord with written notice no later than nine months prior to the expiration date of the initial term of the lease.

The lease agreement specifies fixed monthly rental payments of \$18,485 for 2024, and \$19,040 for 2025 (annual total of \$225,151).

As of June 30, 2025, the right-of-use (ROU) asset had a balance of \$1,537,755, as shown in the statement of financial position; the lease liability is included in current liabilities (\$163,006) and long-term liabilities (\$1,454,045). The lease asset and liability were calculated utilizing the risk-free discount rate (4.46%), according to the Coalition's elected policy.

Additional information about the Coalition's lease for fiscal year 2025 is as follows:

Lease Costs (included in facility expense)

Operating lease cost	\$ 245,089
Total lease cost	<u>\$ 245,089</u>

Other information:

Cash paid for amounts included in measuring operating lease liability:

Operating cash flows from operating lease	\$ 225,151
Total cash paid for amounts included in measuring operating lease liability	<u>\$ 225,151</u>

Early Learning Coalition of Lake County, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE 8 – LEASE ASSET AND LEASE LIABILITY (continued)

Maturities of operating lease liabilities as of June 30, 2025.

Year ending June 30:		
2026		\$ 231,905
2027		238,863
2028		246,029
2029		253,409
2030		261,012
Thereafter		<u>686,248</u>
Total lease payments		1,917,466
Less: interest		<u>(300,415)</u>
Present value of lease liability		<u>\$ 1,617,051</u>

NOTE 9 – INTANGIBLE ASSETS

Intangible assets presented on the statement of financial position at June 30, 2025 consist of the following:

Amortized intangible asset	Remaining Term	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Web Author software subscription	27 Months	\$ 114,000	\$ (35,077)	\$ 78,923
MarcoPolo early learning software	24 Months	270,000	(90,000)	180,000
MarcoPolo software licenses	11 Months	<u>147,000</u>	<u>(79,625)</u>	<u>67,375</u>
 Total		 <u>\$ 531,000</u>	 <u>\$ (204,702)</u>	 <u>\$ 326,298</u>

Amortization expense for the year ended June 30, 2025, was \$198,577. Estimated amortization expense over the remaining terms of the intangible assets are as follows:

Years ending June 30:	
2026	\$ 192,452
2027	125,077
2028	<u>8,769</u>
	<u>\$ 326,298</u>

During the year ended June 30, 2024, with approval from the Division of Early Learning (DEL) the Coalition purchased software subscriptions through Teaching Strategies and MarcoPolo for their providers and teachers. The Coalition’s future cash flows are not materially impacted by its ability to extend or renew agreements related to its amortizable intangible assets.

Early Learning Coalition of Lake County, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE 10 – CALCULATION OF MAXIMUM ADMINISTRATIVE EXPENSES

The following table compares administrative expenses incurred to expenses subject to the maximum administrative expenses allowed by DEL for the School Readiness and Voluntary Pre-Kindergarten programs for the year ended June 30, 2025:

	<u>School Readiness Plus</u>	<u>School Readiness</u>	<u>Voluntary Pre-Kindergarten</u>	<u>Total</u>
Total administrative expenses subject to 5% maximum	\$ -	\$ 581,806	\$ 359,049	\$ 940,855
Maximum 5% administrative expenses allowable per DEL	<u>342</u>	<u>760,705</u>	<u>359,326</u>	<u>1,120,031</u>
Administrative expenses under maximum	<u>\$ (342)</u>	<u>\$ (178,899)</u>	<u>\$ (277)</u>	<u>\$ (179,176)</u>

NOTE 11 – EMPLOYEE RETIREMENT PLAN

The Coalition sponsors a tax deferred annuity retirement plan for its employees. An employee is eligible to participate upon hire or at a preset semi-annual enrollment date. Participation is voluntary, and the employee may contribute from a minimum of 1% of their salary to the maximum IRS allowable amount, which is \$23,000 for 2025. Additional catch-up contributions up to \$7,500 are available to individuals who reach age 50 by the end of the year. Employees are eligible to receive the employer matched dollars after one year of service in which they have worked at least a total of 1,000 hours. The Coalition may match up to a maximum of 1.25% of the employee's contribution. The Coalition made employer contributions of \$9,923 for the year ended June 30, 2025.

NOTE 12 – FUNCTIONAL EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated included facility expenses and depreciation, which are allocated on a square footage basis, as well as salaries and benefits, taxes, professional services, and advertising and others, which are allocated on the basis of estimates of time and effort.

Early Learning Coalition of Lake County, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE 13 – LIQUIDITY AND AVAILABILITY OF RESOURCES

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

Cash and cash equivalents	\$ 1,094,243
Grants receivable	<u>1,425,644</u>
Total financial assets available to management for general expenditure within one year	<u>\$ 2,519,887</u>

As part of the Coalition’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

SUPPLEMENTAL INFORMATION

Early Learning Coalition of Lake County, Inc.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

Year Ended June 30, 2025

Grantor/Program Title	ALN CSFA #	Award Number	Expenditures	Transfer to Service Providers
<i>Federal Awards:</i>				
U.S. Department of Health and Human Services				
<i>Passed through State of Florida's Division of Early Learning</i>				
Child Care and Development Block Grant	93.575	EL285	\$ 7,872,590	\$6,625,481
Child Care and Development Block Grant	93.575	EL286	1,141,788	960,914
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	EL285	4,323,919	3,638,959
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	EL286	<u>76,953</u>	<u>64,762</u>
Total Child Care and Development Fund Cluster			13,415,250	11,290,116
Temporary Assistance for Needy Families	93.558	EL285	2,389,476	2,010,955
Temporary Assistance for Needy Families	93.558	EL286	6,277	5,283
Social Services Block Grant	93.667	EL285	<u>4,380</u>	<u>3,686</u>
Total U.S. Department of Health and Human Services			<u>15,815,383</u>	<u>13,310,040</u>
Total Expenditures of Federal Awards			<u>\$ 15,815,383</u>	<u>\$ 13,310,040</u>
<i>State Financial Assistance:</i>				
State of Florida Department of Education				
<i>Passed through State of Florida's Division of Early Learning</i>				
Voluntary Pre-Kindergarten Services	48.108	EL285	\$ 7,553,439	\$ 7,186,524
State General Revenue Unrestricted - School Readiness Plus	N/A	2024-25 SGU	6,836	5,753
<i>Passed through State of Florida's Division of Early Learning</i>				
Help Me Grow Florida Network	48.111	25-528-HMGFA-11	<u>183,105</u>	<u>-</u>
Total Expenditures of State Financial Assistance			<u>\$ 7,743,380</u>	<u>\$ 7,192,277</u>
Total Expenditures of Federal Awards and State Financial Assistance			<u>\$ 23,558,763</u>	<u>\$ 20,502,317</u>

See independent auditor's report.

Early Learning Coalition of Lake County, Inc.

**NOTES TO THE SCHEDULE OF EXPENDITURES FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE**

June 30, 2025

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards and state financial assistance (the “schedule”) is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), State of Florida Chapter 10.650, *Rules of the Auditor General*, and the *Department of Financial Services' State Projects Compliance Supplement* (Chapter 10.650). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3 – DE MINIMIS INDIRECT COST RATE ELECTION

The Coalition has elected to not use the 10% de minimis indirect cost rate for its federal programs and state projects for the year ended June 30, 2025. The indirect costs rates used on the Coalition's federal programs and state projects are determined by the relevant federal or state agency.

NOTE 4 – SUBRECIPIENTS

The Coalition did not have any subrecipients during the year ended June 30, 2025.



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
Rich J. Cassidy
Justin R. Cabral

To the Board of Directors of
Early Learning Coalition of Lake County, Inc.
Leesburg, 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 Lake County, Inc. (the "Coalition") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 4, 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 audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Coalition's internal control. Accordingly, we do not express an opinion on the effectiveness of the Coalition's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Coalition's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Coalition's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Coalition's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Moss, Krusick & Associates, LLC

Winter Park, Florida
February 4, 2026

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

Partners

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To the Board of Directors of
Early Learning Coalition of Lake County, Inc.
Leesburg, 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 Lake County, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the requirements described in the *Department of Financial Services' State Projects Compliance Supplement*, and special audit guidance provided by the Division of Early Learning that could have a direct and material effect on each of Early Learning Coalition of Lake County, Inc.'s major federal programs and state projects for the year ended June 30, 2025. Early Learning Coalition of Lake County, Inc.'s major federal programs and state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Early Learning Coalition of Lake County, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended June 30, 2025.

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); State of Florida Chapter 10.650, *Rules of the Auditor General* (Chapter 10.650), and special audit guidance provided by the Division of Early Learning. Our responsibilities under those standards, the Uniform Guidance, and Chapter 10.650 are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Early Learning Coalition of Lake County, Inc. 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 Early Learning Coalition of Lake County, Inc.'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 Early Learning Coalition of Lake County, Inc.'s federal programs and state projects.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Early Learning Coalition of Lake County, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance and Chapter 10.650, *Rules of the Auditor General* will always detect material noncompliance when it exists.

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

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 Early Learning Coalition of Lake County, Inc.'s compliance with the requirements of each major federal program and state project as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Early Learning Coalition of Lake County, Inc.'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 Early Learning Coalition of Lake County, Inc.'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 Early Learning Coalition of Lake County, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program and state project on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program 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
February 4, 2026

Early Learning Coalition of Lake County, Inc.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

June 30, 2025

Section I – Summary of Auditor’s Results

Financial Statements

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

Federal Awards

- | | |
|---|---------------|
| 1. Type of Auditor’s report issued on compliance for major programs: | Unmodified |
| 2. Internal control over major programs: | |
| a. Material weakness(es) identified? | No |
| b. Significant deficiencies identified that are not considered to be material weaknesses? | None reported |
| 3. Audit findings disclosed that are required to be reported in accordance with Uniform Guidance? | No |
| 4. Dollar threshold used to distinguish between Type A and Type B programs | \$750,000 |
| 5. Auditee qualified as low-risk auditee? | Yes |

Identification of major programs:

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

Early Learning Coalition of Lake County, Inc.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

June 30, 2025

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 Modernization (EFS Mod) Monthly Reconciliation

- | | |
|--|-----|
| 1. EFS Mod reconciled monthly | Yes |
| 2. Processes in place to identify and correct errors during monthly reconciliations to EFS Mod | Yes |
| 3. Coalition’s financial records reconcile and agree to EFS Mod records as of program year ended June 30, 2025 | Yes |
| 4. Audit work papers documenting verification of reconciliations available to DEL staff | Yes |

Section III – Financial Statement Findings

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

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

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

Section V – Status of Prior Year Audit Findings

There were no prior year audit findings.