

**EARLY LEARNING
COALITION OF NORTH
FLORIDA, INC.**

Financial Statements

Year Ended June 30, 2025

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INDEPENDENT AUDITOR'S REPORT

Partners

W. Ed Moss, Jr.
Joe M. Krusick
Ric Perez
Cori G. Novinich
Renee C. Varga
Rich J. Cassidy
Justin R. Cabral

Winter Park, FL 32789
501 S. New York Ave.
Phone: 407-644-5811
www.mosskrusick.com

Clearwater, FL 33761
29605 US Hwy 19 North
Phone: 727-785-7460

St. Petersburg, FL 33710
5401 Central Avenue
Phone: 727-327-1999

N. Palm Beach, FL 33408
1201 US Highway One
Phone: 561-848-9300

Miami Lakes, FL 33016
7900 NW 155th Street
Phone: 305-445-7956

Miramar, FL 33025
11450 Interchange Circle
Phone: 954-435-4222

To the Board of Directors of
Early Learning Coalition of North Florida, Inc.
St. Augustine, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Early Learning Coalition of North Florida, Inc. (a nonprofit organization) (the "Coalition"), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities and changes in net deficit, 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 the Coalition as of June 30, 2025, and the changes in its net deficit and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Coalition and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Coalition's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Coalition's ability to continue as a going concern for a reasonable period of time.

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

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 March 4, 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 Coalition's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Coalition's internal control over financial reporting and compliance.

Moss, Krusick & Associates, LLC

Winter Park, Florida
March 4, 2026

Early Learning Coalition of North Florida, Inc.

STATEMENT OF FINANCIAL POSITION

June 30, 2025

ASSETS

Cash and cash equivalents	\$ 2,154,578
Grants receivable	2,191,877
Prepaid expenses	32,597
Property and equipment, net	9,282
Operating lease right-of-use-asset	86,561
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Total assets	\$ 4,474,895
	<hr/> <hr/>

LIABILITIES AND NET DEFICIT

Accounts payable	\$ 2,166,156
Accrued expenses	55,917
Due to sub-recipients	2,384,429
Operating lease liability	89,787
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Total liabilities	4,696,289
Net deficit	
Without donor restrictions	(221,394)
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Total liabilities and net deficit	\$ 4,474,895
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The accompanying notes are an integral part of these financial statements.

Early Learning Coalition of North Florida, Inc.

STATEMENT OF ACTIVITIES AND CHANGES IN NET DEFICIT

Year ended June 30, 2025

REVENUES

Government grants:	
School Readiness	\$ 24,401,491
Voluntary Pre-Kindergarten	17,388,606
Local government match	139,074
Local grants	1,728
	<hr/>
Total revenues	41,930,899
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EXPENSES

Program services:	
School Readiness	24,614,319
Voluntary Pre-Kindergarten	16,993,196
Other	2,700
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Total program services	41,610,215

Supporting services:	
Management and general	352,356
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Total expenses	41,962,571
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Change in net deficit	(31,672)
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Net deficit, beginning of year	(189,722)
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Net deficit, end of year	\$ (221,394)
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The accompanying notes are an integral part of these financial statements.

Early Learning Coalition of North Florida, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

Year ended June 30, 2025

	<u>Functional Category</u>				<u>Total</u>
	<u>School Readiness</u>	<u>Voluntary Pre- Kindergarten</u>	<u>Other</u>	<u>Management and General</u>	
Pass-through payments to sub-recipients	\$ 23,846,610	\$ 16,993,196	\$ -	\$ -	\$ 40,839,806
Salaries and benefits	522,803	-	-	247,426	770,229
Match	139,955	-	-	-	139,955
Professional fees	43,354	-	2,700	56,377	102,431
Rent expense	29,318	-	-	13,714	43,032
Office expenses	13,243	-	-	19,297	32,540
Travel and conferences	10,875	-	-	9,316	20,191
Membership subscriptions	6,295	-	-	4,249	10,544
Quality program expense	1,743	-	-	-	1,743
Depreciation expense	-	-	-	1,638	1,638
Postage and printing	123	-	-	339	462
Total expenses	<u>\$ 24,614,319</u>	<u>\$ 16,993,196</u>	<u>\$ 2,700</u>	<u>\$ 352,356</u>	<u>\$ 41,962,571</u>

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

Early Learning Coalition of North Florida, Inc.

STATEMENT OF CASH FLOWS

Year ended June 30, 2025

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net deficit	\$ (31,672)
Adjustments to reconcile change in net deficits to net cash provided by operating activities:	
Depreciation	1,638
Non-cash rent	1,028
Change in:	
Grants receivable	(1,865,225)
Prepaid expenses	(32,597)
Accounts payable	1,837,656
Accrued expenses	6,886
Due to sub-recipients	<u>131,881</u>
Net cash provided by operating activities	49,595

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property and equipment	<u>(10,920)</u>
Net cash used in investing activities	(10,920)

Net increase in cash and cash equivalents 38,675

CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR

2,115,903

CASH AND CASH EQUIVALENTS AT END OF YEAR

\$ 2,154,578

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

Early Learning Coalition of North Florida, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE A - ORGANIZATION, NATURE OF OPERATIONS, SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Organization and nature of operations

Early Learning Coalition of Putnam and St. Johns Counties, Inc. (the "Coalition") was incorporated on October 6, 2000 as a not-for-profit corporation. The Coalition was formed to operate for the advancement of charity and education particularly by implementing a comprehensive program of school readiness services for Florida's at-risk birth-to-kindergarten population.

On July 1, 2005, the Coalition merged with St. Johns County School Readiness Coalition, Inc., and changed its name to Early Learning Coalition of Putnam and St. Johns Counties, Inc.

On July 1, 2013, the Coalition merged with the Early Learning Coalition of Clay, Nassau, Baker and Bradford Counties, Inc., and changed its name to Early Learning Coalition of North Florida, Inc. The Coalition provides funding for child care programs in Putnam, St. Johns, Nassau, Baker, Bradford and Clay Counties, Florida.

2. Basis of accounting and financial statement presentation

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

Net Assets Without Donor Restrictions

Net assets without donor restrictions are available for use at the discretion of the Board of Directors (the "Board") and/or management for general operating purposes. From time to time the Board 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.

Early Learning Coalition of North Florida, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE A - ORGANIZATION, NATURE OF OPERATIONS, SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3. 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 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.

Revenue from government grants is recorded when earned, which is generally when the allowable costs of the specific grant provisions have been incurred or the performance of services rendered. Such revenue is subject to audit by the grantor and, if the examination results in a deficiency of allowable expenses, the Coalition will be required to refund any deficiencies. Management is of the opinion that all monies recognized as revenue have been earned as of June 30, 2025. These amounts are reflected as revenue without donor restrictions if received and expended in the same year.

Revenue from program fees are recognized when the earnings process is substantially complete and goods have been delivered or services performed. Revenues from program fees are recognized in the year to which they relate. As part of the Voluntary Pre-Kindergarten grants, the Coalition receives advances on revenue which are to be repaid to the state.

4. Grants receivable

Grants receivable represents uncollected reimbursement requests presented to Florida's Division of Early Learning ("DEL") for payment. Management believes the entire balance is collectible based on amounts collected to date, prior collection history, and forecast analysis. Therefore, no allowance for uncollectable grants receivable is provided.

5. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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.

6. Cost allocation

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities and Changes in Net Deficit. Salaries and other expenses which are associated with a specific program are charged directly to that program. Salaries and other program support service expenses which benefit more than one program are allocated to the various programs based on the relative benefit provided.

Early Learning Coalition of North Florida, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE A - ORGANIZATION, NATURE OF OPERATIONS, SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

7. Cash and cash equivalents

For purposes of the statement of cash flows, the Coalition considers all unrestricted, highly liquid investments with an initial maturity of three months or less to be cash equivalents. Financial instruments, which potentially expose the Coalition to concentrations of credit risk, consist principally of cash bank deposits. The Coalition's policy is to place its cash investments with high quality financial institutions insured by the Federal Deposit Insurance Corporation, which provides coverage on balances up to \$250,000 per depositor per institution. At June 30, 2025, the Coalition was fully insured.

8. Income taxes

The Coalition is a not-for-profit corporation and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. As such, its normal activities do not result in any income tax liability.

Management has analyzed the Coalition's various federal and state filing positions and believes that its income tax filing positions and deductions are well documented and supported and that no accruals for tax liabilities are necessary. Therefore, no reserves for uncertain income tax positions have been recorded. The Coalition remains subject to examination by the US Internal Revenue Service for the years ended June 30, 2023 through June 30, 2025.

9. Property and equipment

Property and equipment is recorded at historical cost. Property and equipment with a cost in excess of \$5,000 and a useful life of one or more years is capitalized and depreciated using the straight-line method of depreciation over the estimated useful life of 5 years.

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

10. Leases

The Coalition is a party as a lessee for a non-cancellable long-term office lease. The corresponding lease obligation is recorded in an amount equal to the present value of the expected future minimum lease payments paid, discounted by an applicable interest rate.

11. Subsequent events

Management has evaluated the effect subsequent events would have on the financial statements through the date these financial statements were available to be issued on March 4, 2026.

Early Learning Coalition of North Florida, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE B - CONCENTRATIONS

1. Economic dependency

The Coalition is financially dependent on grant funding and operates in a heavily regulated environment. The operations of the Coalition are subject to the administrative directives, rules and regulations of federal, state, and local regulatory agencies. Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by the State of Florida. Such change may occur with little notice or inadequate funding to pay for the related cost, including the additional burden, to comply with a change.

2. Concentration of credit risk

The activities of the Coalition are conducted in Clay, Nassau, Baker, Bradford, Putnam, and St. Johns Counties, Florida and are supported by funding provided by government agencies. Expenditures incurred by the Early Learning Coalition of North Florida, Inc. and the subgrantees associated with the execution of various grants are subject to audit and possible disallowance by the grantor agency. The Coalition would be held responsible for recovery (reimbursement to the grantor agency) of disallowed amounts incurred by the subgrantee if the subgrantee were not able to do so. Management believes that if audited, any adjustment for disallowed expenses would be immaterial in amount.

NOTE C - PROPERTY AND EQUIPMENT

Property and equipment and accumulated depreciation at June 30, 2025 is summarized as follows:

Furniture and fixtures	\$ 17,418
Less: accumulated depreciation	<u>(8,136)</u>
Property and equipment, net	<u>\$ 9,282</u>

Depreciation expense was \$1,638 for the year ended June 30, 2025.

NOTE D - RETIREMENT PLAN

The Coalition established a tax deferred retirement plan effective for all qualifying employees. All regular full time employees are eligible to participate in the plan. The Coalition will contribute up to a 6% match of the employee's salary. The Coalition provided matching contributions of \$27,062 for retirement benefits to the plan for the year ended June 30, 2025. Employees are immediately vested in their contributions and the matching contributions.

Early Learning Coalition of North Florida, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE E - LEASE AND COMMITMENTS

As of June 30, 2025, the right-of-use (ROU) asset had a balance of \$86,561, as shown in the statement of financial position; the lease liability is included in liabilities (\$89,787). 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 is as follows:

Lease Costs

Operating lease cost	\$ 20,708
Total lease cost	<u>\$ 20,708</u>

Other information:

Cash paid for amounts included in measuring operating lease liability:

Operating cash flows from operating lease	\$ 19,680
Total cash paid for amounts included in measuring operating lease liability	<u>\$ 19,680</u>

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

2026	\$ 20,270
2027	20,879
2028	21,505
2029	22,150
2030	<u>15,059</u>
Total lease payments	99,863
Less: interest	<u>(10,076)</u>
Present value of lease liability	<u>\$ 89,787</u>

NOTE F - FUNCTIONAL EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and benefits, professional fees, travel and conferences, rent expense, office expenses, membership subscriptions and postage and printing, which are allocated on the basis of estimates of time and effort.

Early Learning Coalition of North Florida, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE G - 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	\$2,154,578
Grants receivable	<u>2,191,877</u>
Total net financial assets available within one year	<u>\$4,346,455</u>

As of June 30, 2025, the Coalition has a net deficit of \$221,394, and total liabilities exceed total assets by that amount. The deficit resulted primarily from the write-off of a grant receivable in a prior year.

As part of the Coalition's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Coalition receives the majority of its funding from federal and state grants passed through DEL, which are on a cost-reimbursement basis. Throughout the year, the Coalition receives advances and monthly reimbursements to cover incurred allowable expenses.

To help manage unanticipated liquidity needs, the Coalition may request additional advances from DEL. Management believes that the Coalition's funding structure, together with the availability of cash advances and reimbursements, provides sufficient liquidity to meet its obligations as they come due within one year of the statement of financial position date.