

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

**Financial Statements  
and Supplemental  
Information**

**Years Ended  
June 30, 2025 and 2024**

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## INDEPENDENT AUDITOR'S REPORT

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

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

#### ***Opinion***

We have audited the accompanying financial statements of the Early Learning Coalition of Northwest Florida, Inc. (the "Coalition") (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 the Coalition 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 the Coalition and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

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

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

#### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

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

### **Report on Summarized Comparative Information**

We have previously audited the Coalition's 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 24, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of state earnings, schedule of related party transaction adjustments, actual expenses and revenues schedule, schedule of bed-day availability payments, and schedule of expenditures of federal awards and state financial assistance (the "supplementary information"), 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, are 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 supplementary 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 February 11, 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  
February 11, 2026

Early Learning Coalition of Northwest Florida, Inc.

STATEMENTS OF FINANCIAL POSITION

June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 227,524	\$ 1,904,568
Grants receivable	49,766	187,735
Due from the State of Florida	<u>1,881,828</u>	<u>754,174</u>
Total current assets	<u>2,159,118</u>	<u>2,846,477</u>
Operating lease ROU asset	62,144	88,824
Property and equipment, net	224	1,122
Intangible assets, net	<u>570,108</u>	<u>804,950</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 2,791,594</u></u>	<u><u>\$ 3,741,373</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 1,699,932	\$ 2,064,748
Due to the State of Florida	26,264	425,176
Deferred revenue	104,114	72,000
Operating lease liability	<u>28,693</u>	<u>26,278</u>
Total current liabilities	1,859,003	2,588,202
Non-current operating lease liability	<u>36,650</u>	<u>65,343</u>
Total liabilities	1,895,653	2,653,545
<b>NET ASSETS</b>		
Without donor restrictions	<u>895,941</u>	<u>1,087,828</u>
Total net assets	<u>895,941</u>	<u>1,087,828</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 2,791,594</u></u>	<u><u>\$ 3,741,373</u></u>

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

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

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**

**Years Ended June 30, 2025 and 2024**

	2025	2024
<b>REVENUES AND SUPPORT</b>		
Federal and state grants	\$ 25,537,935	\$ 29,912,949
Other revenues		
Grants	202,592	520,837
Contribution of non-financial assets	6,300	12,750
Other income	-	34,910
	25,746,827	30,481,446
<b>EXPENSES</b>		
Program services		
School Readiness	19,826,016	23,926,936
Voluntary Pre-Kindergarten	4,548,340	4,422,587
Other	712,175	588,862
	25,086,531	28,938,385
Support services		
Management and general	852,183	688,479
	25,938,714	29,626,864
Changes in net assets	(191,887)	854,582
<b>NET ASSETS - BEGINNING OF YEAR</b>	1,087,828	233,246
<b>NET ASSETS - END OF YEAR</b>	\$ 895,941	\$ 1,087,828

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

Early Learning Coalition of Northwest Florida, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2025  
(with comparative totals for the year ended June 30, 2024)

	Program Services			Support Services	Total Expenses	
	School Readiness	Voluntary Pre-Kindergarten	Other	Management and General	2025	2024
Contract for service payment to providers	\$ 16,857,455	\$ 4,522,070	\$ -	\$ -	\$ 21,379,525	\$ 20,574,852
Salaries and benefits	2,075,862	21,422	389,076	602,087	3,088,447	3,219,970
Quality enhancement	476,001	-	105	-	476,106	4,458,906
Professional fees	141,713	1,025	11,114	160,520	314,372	630,329
Depreciation and amortization	-	-	235,740	-	235,740	20,468
Occupancy	110,316	1,128	21,030	29,836	162,310	163,305
Computer software	41,607	220	2,571	26,771	71,169	54,398
Travel	34,161	2,315	18,517	14,252	69,245	75,742
Supplies	42,254	16	11,326	4,644	58,240	55,596
Outreach and awareness	22,829	-	12,621	200	35,650	298,776
Insurance	16,742	144	2,718	4,499	24,103	40,431
Dues	7,076	-	1,057	9,374	17,507	21,341
Non-financial expenses	-	-	6,300	-	6,300	12,750
<b>Total expenses</b>	<b>\$ 19,826,016</b>	<b>\$ 4,548,340</b>	<b>\$ 712,175</b>	<b>\$ 852,183</b>	<b>\$ 25,938,714</b>	<b>\$ 29,626,864</b>

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

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

**STATEMENTS OF CASH FLOWS**

**Years Ended June 30, 2025 and 2024**

	2025	2024
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in net assets	\$ (191,887)	\$ 854,582
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Depreciation and amortization	235,740	20,468
Non-cash rent	402	1,364
Decrease (increase) in assets:		
Grants receivable	137,969	(140,611)
Due from the State of Florida	(1,127,654)	(344,221)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(364,816)	(138,105)
Due to the State of Florida	(398,912)	(760,714)
Deferred revenue	32,114	(105,509)
	<u>(1,677,044)</u>	<u>(612,746)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of intangible assets	-	(824,520)
Net cash used in investing activities	-	(824,520)
Net decrease in cash and cash equivalents	(1,677,044)	(1,437,266)
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>1,904,568</u>	<u>3,341,834</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 227,524</u>	<u>\$ 1,904,568</u>

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

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

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2025**

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

1. Coalition and Purpose

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

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

The Coalition operates three programs:

- *School Readiness* – This program provides for early education and care for children of families with limited incomes and enables parents to gain and/or sustain their economic self-sufficiency through maintenance of employment or participation in job skill/vocational training leading to employment. The program provides for the needs of children from low income families that are working, children from families that are transitioning from welfare to self-sufficiency, and children that are under protective supervision or in foster care placement. Program participants have access to health, developmental, educational screenings and other support services. Caregivers are held accountable for providing safe learning environments that nurture and cultivate the child's cognitive, language, motor, social, and self-help skills. All services are provided in accordance with the Santa Rosa County School Readiness Plan and state and federal laws and regulations.
- *Voluntary Pre-Kindergarten* – This program consists of state mandated dollars used to support a voluntary pre-kindergarten program for all four-year-old children. Funding is based on a base student allocation per full-time equivalent student in the Voluntary Pre-Kindergarten Education program and is determined at the state level.
- *Other* – This program consists of Help me Grow and other local programs.

2. Basis of Accounting and Financial Statement Presentation

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

*Net Assets Without Donor Restrictions*

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

Early Learning Coalition of Northwest Florida, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

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

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

*Net Assets With Donor Restrictions*

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

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

Some net assets with donor restrictions may include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the Coalition to expend the income generated by the assets in accordance with the provisions of additional donor imposed stipulations or a Board approved spending policy. As of June 30, 2025 and 2024, the Coalition did not have any net assets with donor restrictions.

3. Summarized Financial Information

The financial statements include certain prior-year summarized information in total but not by net asset class or function. Such information does not constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Coalition's financial statements for the year ended June 30, 2024 from which the summarized information was derived.

4. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

5. Due from the State of Florida and Grants Receivable

Funds due from the State of Florida as reimbursement for contract services are considered past due if not received in accordance with contract terms. Grants receivable consists of amounts due from local agencies and were recorded when services were provided. Management believes an allowance for credit losses is not necessary based on the terms of these agreements and forecast analysis and believes the total amount due is collectible in the next fiscal year.

Early Learning Coalition of Northwest Florida, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

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

6. Cash and Cash Equivalents

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

7. Property and Equipment

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

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

8. Intangible Assets

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

9. Deferred Revenue

Deferred revenue represents grant revenues collected but not yet earned as of June 30, 2025 and 2024. Revenues from grant proceeds are not recognized until expended.

10. Leases

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

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

Early Learning Coalition of Northwest Florida, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

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

10. Leases (continued)

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

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

11. Revenue Recognition

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

Revenue from government grants is recorded when earned, which is generally when the allowable costs of the specific grant provisions have been incurred or the performance of services rendered. Such revenue is subject to audit by the grantor and, if the examination results in a deficiency of allowable expenses, the Coalition will be required to refund any deficiencies. Management is of the opinion that all monies recognized as revenue have been earned as of June 30, 2025 and 2024. These amounts are reflected as revenue without donor restrictions if received and expended in the same year.

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

12. Functional Allocation of Expenses

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

Early Learning Coalition of Northwest Florida, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

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

13. Income Taxes

The Coalition has been granted an exemption from income taxes under Internal Revenue Code Section 501(c)(3) as a not-for-profit corporation and is not a private foundation. Management has analyzed the Coalition's various federal and state filing positions and believes that its income tax filing positions and deductions are well documented and supported and no accruals for tax liabilities are necessary. Therefore, no reserves for uncertain income tax positions have been recorded. The Coalition is no longer subject to federal, state, or local income tax examination by tax authorities for fiscal years before 2023.

14. Recent Accounting Pronouncements

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

15. Subsequent Events

Management has evaluated the effect subsequent events would have on the financial statements through the date these financial statements were available to be issued on February 11, 2026.

NOTE B – PROPERTY AND EQUIPMENT

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

	<u>2025</u>	<u>2024</u>
Furniture and equipment	\$ 23,823	\$ 23,823
Less: accumulated depreciation	<u>(23,599)</u>	<u>(22,701)</u>
Property and equipment, net	<u>\$ 224</u>	<u>\$ 1,122</u>

Depreciation expense for the years ended June 30, 2025 and 2024 was \$898.

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

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2025**

**NOTE C – RELATED PARTY TRANSACTIONS**

As mandated by Chapter 1002, Part VI School Readiness Program; and 1002.83 Early Learning Coalitions, certain members of the Coalition’s Board of Directors are considered related parties. The related party members include the Executive Director of Chipola Regional Workforce and the Owners of Along the Way, Along the Way Learning Center, North Florida Child Development, Seabrook Family Day Care, and Chipola Regional Workforce. New Bethel Baptist Church was no longer a related party as of June 30, 2025.

For the years ended June 30, the Coalition made payments to and had outstanding payables to related parties as follows:

	<u>2025</u>	<u>2024</u>
Payments made:		
- Along the Way	\$ 334,410	\$ 392,424
- Along the Way Learning Center	81,188	134,945
- New Florida Child Development	73,429	67,701
- Chipola Regional Workforce	4,751	4,751
- New Bethel Baptist Church	-	106,899
- Seabrook Family Day Care	-	2,096
	<u>\$ 493,778</u>	<u>\$ 708,816</u>
	<u>2025</u>	<u>2024</u>
- Along the Way	\$ 28,414	\$ -
- Along the Way Learning Center	4,604	5,131
- New Florida Child Development	895	5,312
- New Bethel Baptist Church	-	4,344
	<u>\$ 33,913</u>	<u>\$ 14,787</u>

**NOTE D – FUNCTIONAL EXPENSES**

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

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

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2025**

**NOTE E – CONCENTRATIONS AND CREDIT RISK**

The Coalition received substantially all of its revenue from federal and state contracts during the years ended June 30, 2025 and 2024. The continuance of state and federal funding is subject to annual legislative budgetary review.

The Coalition maintains its cash accounts in a local financial institution, the balances of which are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2025 and 2024, the Coalition exceeded the federally insured limit by \$118,450 and \$2,187,813, respectively. The Coalition has not experienced any losses in such accounts and believes there is little or no exposure to any significant credit risk.

**NOTE F – COMMITMENTS AND CONTINGENCIES**

*Federal and state appropriated funds*

In June 2025, the Coalition entered into a funding agreement with DEL for the period of July 1, 2025 through June 30, 2026. DEL awarded the Coalition \$22,015,004 to be expended for School Readiness programs and services as prescribed in the Coalition's School Readiness Plan and \$4,827,193 to be expended for Voluntary Pre-Kindergarten (VPK) programs and services as prescribed in the Coalition's VPK Plan. The Coalition's School Readiness and Voluntary Pre-Kindergarten Plans provide for a comprehensive program of readiness services that enhance the cognitive, social, and physical development of children to achieve the performance standards outcome measures as specified by DEL. These amounts received from federal and state agencies are subject to audit and adjustment at the discretion of those entities. If expenditures are disallowed as a result of these audits, the claims for reimbursement would be a liability of the Coalition.

*Operating leases*

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

As of June 30, 2025, the right-of-use (ROU) asset had a balance of \$62,144, as shown in the statement of financial position; the lease liability is included in current liabilities \$28,693 and long-term liabilities \$36,650.

Early Learning Coalition of Northwest Florida, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

**NOTE F – COMMITMENTS AND CONTINGENCIES (continued)**

Additional information about the Coalition's leases for fiscal year 2025 are as follows:

Lease costs (included in occupancy):

Operating lease cost	\$ 30,239
	<hr/>
Total lease cost	\$ 30,239
	<hr/> <hr/>

Other information:

Cash paid for amounts included in measuring operating lease liability:

Operating cash flows from operating lease	\$ 29,837
	<hr/>
Total cash paid for amounts included in measuring operating lease liability	\$ 29,837
	<hr/> <hr/>
Remaining lease terms (years)	2.167
Discount rate	4.463%

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

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

2026	\$ 31,031
2027	32,272
2028	5,413
	<hr/>
Total lease payments	68,716
Less: interest	(3,373)
	<hr/>
Present value of lease liability	\$ 65,343
	<hr/> <hr/>

**NOTE G – 401(K) PLAN**

The Coalition has a 401(k) retirement plan that provides an employer match of each employee's contribution up to 6% of their salary. The Coalition's contribution was \$77,212 and \$76,930 for the years ended June 30, 2025 and 2024, respectively.

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

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2025**

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

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

Federal and State expenditures – schedule of expenditures of federal awards and state financial assistance	\$ 25,541,223
Refunds and adjustments	<u>(3,288)</u>
Federal and State expenditures – statements of activities and changes in net assets	<u>\$ 25,537,935</u>

**NOTE I – CALCULATION OF MAXIMUM ADMINISTRATIVE EXPENSES**

The following table compares administrative expenses incurred to expenses subject to the maximum administrative expenses allowed by DEL for the School Readiness program, Voluntary Pre-Kindergarten program and School Readiness Plus for the years ended June 30, 2025 and 2024. The School Readiness Plus program began during the year ended June 30, 2025.

<u>2025</u>	<u>School Readiness</u>	<u>Voluntary Pre- Kindergarten</u>	<u>School Readiness Plus</u>	<u>Total</u>
Total administrative expenses subject to 5% maximum	\$ 602,527	\$ 201,089	\$ 22	\$ 803,638
Maximum 5% administrative expenses allowable per DEL	<u>948,237</u>	<u>226,439</u>	<u>206</u>	<u>1,174,882</u>
Administrative expenses (under) maximum	<u>\$ (345,710)</u>	<u>\$ (25,350)</u>	<u>\$ (184)</u>	<u>\$ (371,244)</u>

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

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2025**

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

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

**NOTE J – LIQUIDITY AND AVAILABILITY OF RESOURCES**

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

Cash	\$ 227,524
Accounts receivable	49,766
Due from the State of Florida	<u>1,881,828</u>
Total financial assets available to management for general expenditure within one year	<u>\$ 2,159,118</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. The Coalition receives approximately 97% for the years ended June 30, 2025 and 2024 of its funding from federal and state grants passed through DEL which are on a reimbursable basis. Throughout the year, the Coalition receives advances and reimbursements each month to cover incurred expenses.

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

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2025**

**NOTE K – CONTRIBUTED NON-FINANCIAL ASSETS**

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

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

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

	2025	2024
Professional services	\$ 4,000	\$ 8,200
Advertising	2,300	2,100
Donated goods	-	2,450
	\$ 6,300	\$ 12,750

**NOTE L – INTANGIBLE ASSETS**

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

	Remaining Term	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Amortized intangible asset				
MarcoPolo Transition to K and Beyond	47	\$ 299,984	\$ (64,996)	\$ 234,988
MarcoPolo software subscription	23	436,500	(157,625)	278,875
Torsh Inc. Coaching and Learning Platform	23	88,036	(31,791)	56,245
		\$ 824,520	\$ (254,412)	\$ 570,108

Amortization expense for the years ended June 30, 2025 and 2024, totaled \$234,842 and \$19,570, respectively.

Early Learning Coalition of Northwest Florida, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

**NOTE L – INTANGIBLE ASSETS (continued)**

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

Years ending June 30:

2026	\$	234,842
2027		220,272
2028		59,997
2029		<u>54,997</u>
	\$	<u>570,108</u>

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