

**ORANGE COUNTY SCHOOL
READINESS COALITION, INC.
d/b/a
EARLY LEARNING
COALITION OF ORANGE
COUNTY**

**Consolidated 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
Orange County School Readiness Coalition, Inc.
d/b/a Early Learning Coalition of Orange County
Orlando, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Orange County School Readiness Coalition, Inc. d/b/a Early Learning Coalition of Orange County (a nonprofit organization) (the "Coalition") and the Foundation for Early Childhood Development, Inc. (a nonprofit organization) (the "Foundation") (collectively the "Organization"), which comprise the consolidated statements of financial position as of June 30, 2025 and 2024, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2025, and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our 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 Organization 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 consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the consolidated 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 consolidated 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 consolidated 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 the Organization'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 Organization'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 consolidated 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 consolidated financial statements. Also, the consolidating schedules are presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and results of operations of the individual companies, and are not a required part of the consolidated 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 consolidated 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 consolidated financial statements or to the consolidated 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 and consolidated schedules are fairly stated, in all material respects, in relation to the consolidated 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 the Organization'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 Organization'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 Organization's internal control over financial reporting and compliance.

Moss, Krusick & Associates, LLC

Winter Park, Florida
February 4, 2026

Early Learning Coalition of Orange County

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

June 30, 2025 and 2024

	2025	2024
ASSETS		
Current assets		
Cash and cash equivalents	\$ 6,447,483	\$ 6,019,571
Grants receivable	506,692	1,343,177
Due from 4C	-	42,867
Due from DEL	6,515,660	4,150,236
Other assets	155,873	178,803
Total current assets	13,625,708	11,734,654
Intangible assets, net	1,498,848	3,804,781
Operating lease right-of-use asset	2,339,017	2,583,580
Total assets	\$ 17,463,573	\$ 18,123,015
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and other	\$ 7,998,240	\$ 7,843,136
Due to 4C	-	795,307
Due to DEL	5,212,591	1,982,189
Deferred revenue	393,731	533,813
Accrued compensation	1,021,143	664,441
Operating lease liability	230,071	211,184
Total current liabilities	14,855,776	12,030,070
Non-current operating lease liability	2,238,412	2,468,483
Total liabilities	17,094,188	14,498,553
Net assets		
Without donor restrictions	369,385	3,624,462
Total net assets	369,385	3,624,462
Total liabilities and net assets	\$ 17,463,573	\$ 18,123,015

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

Early Learning Coalition of Orange County

CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

Years Ended June 30, 2025 and 2024

	2025	2024
REVENUES AND SUPPORT		
Government grants:		
School Readiness	\$ 87,387,446	\$ 106,584,582
Voluntary Pre-Kindergarten	35,439,037	33,740,810
Orange County	3,108,550	3,372,644
Preschool Development	-	1,172,940
Other grant income	4,161,443	2,151,135
Other income	89,715	132,153
Forgiveness of debt	-	595,766
Total revenues and support	130,186,191	147,750,030
EXPENSES		
Program services:		
School Readiness	86,999,252	99,084,246
Voluntary Pre-Kindergarten	33,284,427	33,495,098
Orange County	5,765,751	5,243,165
Other	2,281,352	1,953,013
Total program services	128,330,782	139,775,522
Coalition support services:		
Management and general	5,110,486	4,643,612
Total expenses	133,441,268	144,419,134
Changes in net assets	(3,255,077)	3,330,896
NET ASSETS AT BEGINNING OF YEAR	3,624,462	293,566
NET ASSETS AT END OF YEAR	\$ 369,385	\$ 3,624,462

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

Early Learning Coalition of Orange County
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended June 30, 2025 and 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ (3,255,077)	\$ 3,330,896
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	2,394,809	803,084
Bad debt expense	778,217	-
Forgiveness of debt	-	(595,766)
Non-cash rent	33,379	43,259
(Increase) decrease in assets:		
Grants receivable	58,268	2,617,708
Due from 4C	42,867	5,586
Due from DEL	(2,365,424)	(506,516)
Other assets	22,930	6,960
Increase (decrease) in liabilities:		
Accounts payable and other	155,104	6,350,113
Deferred revenue	(140,082)	92,029
Due to 4C	(795,307)	(24,946,582)
Due to DEL	3,230,402	(11,123,993)
Accrued compensation	356,702	475,642
	516,788	(23,447,580)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of intangible assets	(88,876)	(4,602,267)
	(88,876)	(4,602,267)
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings on line of credit	500,000	-
Repayments of line of credit	(500,000)	-
	-	-
Net cash provided by operating activities	-	-
Net increase (decrease) in cash and cash equivalents	427,912	(28,049,847)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	6,019,571	34,069,418
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 6,447,483	\$ 6,019,571

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

Early Learning Coalition of Orange County

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2025

	Program Services			Other	Coalition Support Services	Total
	School Readiness	Voluntary Pre-Kindergarten	Orange County			
Pass-through payments to service providers	\$ 73,992,516	\$ 32,895,442	\$ 4,859,621	\$ 785,365	\$ 16,344	\$ 112,549,288
Salaries and benefits	6,704,526	358,892	695,185	531,848	3,945,282	12,235,733
Quality initiative	3,101,672	-	13,151	280,516	15,758	3,411,097
Amortization	2,372,108	-	-	22,701	-	2,394,809
Bad debt expense	-	-	180,136	596,570	1,511	778,217
Professional fees	150,932	27,625	-	40,314	285,708	504,579
Office expense	141,000	137	233	385	349,534	491,289
Rent	200,370	2,032	2,997	-	145,942	351,341
Other expense	97,445	-	-	-	164,074	261,519
Community outreach	125,983	-	8,018	18,150	61,778	213,929
Repairs and maintenance	61,111	-	-	4,813	102,243	168,167
Travel	42,672	299	6,410	651	5,709	55,741
Training and development	6,336	-	-	39	6,883	13,258
Printing and reproduction	2,581	-	-	-	9,720	12,301
Total expenses	\$ 86,999,252	\$ 33,284,427	\$ 5,765,751	\$ 2,281,352	\$ 5,110,486	\$ 133,441,268

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

Early Learning Coalition of Orange County

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2024

	Program Services				Coalition Support Services	Total
	School Readiness	Voluntary Pre-Kindergarten	Orange County	Other		
Pass-through payments to subrecipients	\$ 79,741,793	\$ 32,913,173	\$ 4,556,708	\$ 128,696	\$ 734,154	\$ 118,074,524
Quality initiative	12,065,075	-	135,345	198,915	44,550	12,443,885
Salaries and benefits	3,630,382	261,228	497,039	247,271	3,277,967	7,913,887
Professional fees	689,606	27,937	6,000	1,210,856	183,624	2,118,023
Community outreach	923,851	89,709	12,156	22,634	55,747	1,104,097
Office expense	852,337	8,334	1,774	7,372	102,337	972,154
Amortization expense	548,676	184,561	28,753	10,819	24,677	797,486
Rent	242,459	7,572	795	61	93,932	344,819
Repairs and maintenance	95,834	1,619	-	108,490	71,392	277,335
Other expense	178,031	289	57	5,230	21,801	205,408
Training and development	54,802	-	-	10,875	15,476	81,153
Travel	55,913	491	3,063	1,141	9,467	70,075
Printing and reproduction	5,487	185	1,475	653	8,488	16,288
Total expenses	\$ 99,084,246	\$ 33,495,098	\$ 5,243,165	\$ 1,953,013	\$ 4,643,612	\$ 144,419,134

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

Early Learning Coalition of Orange County

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2025

NOTE A – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Organization and nature of activities

Orange County School Readiness Coalition, Inc. d/b/a Early Learning Coalition of Orange County (“the Coalition”), was organized on May 9, 2001 as a Florida not-for-profit corporate 501(c)(3) entity. The Coalition was created by Florida Legislators, with the enactment of Section 411.01, Florida Statutes. The Coalition receives funding from federal and state grants through the Division of Early Learning and local funding sources. The Coalition’s mission is to promote high quality school readiness services and after school care through community-responsive policy guidance and program outcome oversight. Led by a board of community leaders, the Coalition’s priority is to ensure that all eligible children, birth through five years of age, in Orange County are afforded the opportunity for developmentally appropriate learning experiences leading to enhanced academic success, as funding permits, and to support the economic self-sufficiency of low income families in need of before and after school care.

Effective December 29, 2002, Foundation for Early Childhood Development, Inc. (“Foundation”) was established as a separate 501(c)(3) organization to benefit and be responsive to the needs of the Coalition and to conduct fundraising activities and act as an endowment for the Coalition to provide services and materials to enhance the development of children prior to entering kindergarten.

The Coalition contracted primarily with Community Coordinated Care for Children, Inc., an independent 501(c)3, during fiscal 2024 to assist in providing eligible children and families access to Coalition funded services. The contracted services concluded effective June 30, 2024.

2. Principles of consolidation

The Early Learning Coalition of Orange County and the Foundation for Early Childhood Development, Inc. (collectively the “Organization”) have common members of their Boards of Directors (the “Board”) and utilize the same management and employees. They were organized to achieve common goals. Therefore, the accompanying financial statements are presented on a consolidated basis. All significant intercompany accounts and transactions have been eliminated in consolidation.

3. Revenue recognition

The Organization 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 Organization 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, respectively.

Early Learning Coalition of Orange County

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2025

NOTE A – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3. Revenue recognition (continued)

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 Organization receives advances on revenue which are to be repaid to the state.

Contributions to the Organization generally represent unconditional promises to give and are recognized in the period that the promises to give are made. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met.

4. Functional allocation of expenses

The cost of providing the various programs and supporting services have been summarized on a functional basis in the consolidated statements of functional expenses. Accordingly, certain costs have been allocated among programs and supporting services benefited.

5. 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.

6. Basis of accounting and financial statement presentation

The accompanying consolidated financial statements and accompanying consolidating schedules have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Organization is required to report 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 Organization 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 consolidated statements of activities as net assets released from restrictions. Net assets are reflected as revenue without donor restrictions if received and expended in the same year.

Early Learning Coalition of Orange County

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2025

NOTE A – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

6. Basis of accounting and financial statement presentation (continued)

Some net assets with donor restrictions may include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the Organization to expend the income generated by the assets in accordance with the provisions of additional donor imposed stipulations or a Board approved spending policy.

7. Cash and cash equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

The Organization maintains its cash in deposit accounts in banks covered by the Federal Deposit Insurance Corporation (FDIC). The FDIC insures the first \$250,000 of balance per depositor per institution. At June 30, 2025 and 2024, the Organization had \$6,221,887 and \$8,401,728, respectively, in excess of federally insured limits. The Organization has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on cash and cash equivalents.

8. Grants receivable and grants advance

Grants receivable are due from federal and state governmental agencies and recorded when services are provided. The Organization's receivables as of June 30, 2025 and 2024 are due in less than one year and management believes that all receivables are fully collectible. Grants advance represents prepayments to service providers for future services under grant contracts.

9. Property and equipment

The Organization's policy is to capitalize property and equipment with a cost in excess of \$5,000. Depreciation is computed on the straight line basis over the expected life of the asset. Office furniture is depreciated over ten years.

Property acquired with governmental funds is considered to be owned by the Organization 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 therefrom is subject to applicable regulations.

10. Deferred revenue

Deferred revenue represents other program income received but not yet earned, and conditional revenue, which will be recognized as revenue when the condition is met.

11. Leases

The Organization 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.

Early Learning Coalition of Orange County

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2025

NOTE A – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

11. Leases (continued)

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 Organization also considers whether its service arrangements include the right to control the use of an asset.

The Organization 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 Organization 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. The Organization 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 Organization 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.

12. Accounting pronouncements implemented

Effective July 1, 2023, the Organization 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 Organization adopted this new guidance utilizing the modified retrospective transition method. The adoption of this Standard did not have a material impact on the Organization's financial statements.

13. Income taxes

The Coalition and the Foundation are exempt from income tax under Section 501(c)(3) of the Internal Revenue Code; therefore, no income tax provision is required in the accompanying consolidated financial statements. The Coalition and Foundation are not classified as private foundations. Contributions to the Organization are generally qualified as deductible charitable contributions for tax purposes.

Management has analyzed the Organization'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.

14. Subsequent events

Management has assessed subsequent events through February 4, 2026, which is the date these consolidated financial statements were available to be issued.

Early Learning Coalition of Orange County

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2025

NOTE B – ECONOMIC DEPENDENCE

The Organization 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.

NOTE C – 401K PLAN

The Coalition established a 401(k) Plan effective January 1, 2006 for all qualifying employees. All employees with one full year of service and at least 21 years of age are eligible to participate in the Plan. The Coalition's Plan includes a 401(k) match fund for participating employees of .25% per 1% of salary (maximum of 1% match) and 5% Safe Harbor Contribution.

Contributions to the profit sharing component of the Plan are at the discretion of the Coalition and are determined on an annual basis. The Coalition provided for matching contributions of \$472,578 and \$294,833 to the Plan for the years ended June 30, 2025 and 2024, respectively. Employees are immediately vested in their contributions and the matching contributions.

NOTE D – MATCH FROM LOCAL RESOURCES

Funds in the General Appropriations Act, Specific Appropriation 85, totaling \$30,000,000 were provided to expand the provision of services to low income families at or below 200 percent of the federal poverty level as long as the income does not exceed 85 percent of the state median income.

To be eligible for funding, the Coalition must match the state funds on a dollar-for-dollar basis and the local match must comply with federal Child Care and Development Block Grant matching requirements. During the years ended June 30, 2025 and 2024, the local matching requirements were met.

NOTE E – RELATED PARTY TRANSACTIONS

As mandated by the Florida Statute 411.01 (the School Readiness Act), the Coalition's Board of Directors members must include a county health department director and a president of a community college or his/her designee as voting related party members. Additional members of the Board are derived from the community at large, as designed by the Coalition's By-laws. The Coalition's Board members included the district superintendent of schools or his/her designee, a central agency administrator, a representative of private childcare providers, a representative of faith-based childcare providers and a representative of programs for children with disabilities under the Federal Individuals with Disabilities Education Act. Additionally, an agreement with any other Coalition Board member or their employer is considered a related party. An agreement was entered into with the Orlando Sentinel who has an employee on the Coalition Board.

Early Learning Coalition of Orange County

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2025

NOTE E – RELATED PARTY TRANSACTIONS (continued)

At June 30, 2025 and 2024, amounts due to related parties are included in current liabilities in the consolidated statements of financial position as follows:

	<u>2025</u>	<u>2024</u>
Orange County Public School District	\$ 13,369	\$ 14,940
Community Coordinated Care for Children (4C)	<u>-</u>	<u>788,457</u>
Total	<u>\$ 13,369</u>	<u>\$ 803,397</u>

Effective June 30, 2024, the Organization terminated the contract with Community Coordinated Care for Children, Inc. (4C), a pass-through entity that previously conducted all eligibility testing and distribution of funds to providers on the Organization's behalf. Community Coordinated Care for Children, Inc. received funds from the Organization and was responsible for the subsequent distribution to various providers. This activity has historically accounted for approximately 90% of the Organization's revenue and expenses.

Furthermore, the Coalition had a due from 4C of \$42,867 for the year ended June 30, 2024, for over payments to providers by 4C. Total payments made by the Coalition to 4C during the year ended June 30, 2024 was \$118,074,524.

During the fiscal 2024 close out of the due to/from accounts with 4C, the Organization recognized a gain on forgiveness of debt of \$595,766. During fiscal 2025, the Coalition finalized all balances due to or from 4C and recognized bad debt expense totaling \$778,217.

Effective July 1, 2010, the Florida Legislature mandated that all board members of Early Learning Coalitions shall be considered eligible to vote on all matters, subject to the restrictions imposed on all board members by the by-laws of the Coalition for related party transactions.

NOTE F – COMMITMENTS AND CONTINGENCIES

1. Operating leases

The Organization has elected to apply the short-term lease exception to all leases with a term of one year or less. As of June 30, 2025, the Organization had one short-term lease for its copier.

The Organization leases its office spaces under an operating lease that expired upon the expiration of its renewal option of February 17, 2028. This lease is the only lease required to be included on the statement of financial position under ASC 842. As of June 30, 2025, the right-of-use (ROU) asset had a balance of \$2,339,017, as shown in the statement of financial position, and the lease liability is included in current liabilities (\$230,071) and long-term liabilities (\$2,238,412). The lease asset and liability were calculated utilizing the risk-free discount rate (3.95%), according to the Organization's elected policy.

Early Learning Coalition of Orange County

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2025

NOTE F – COMMITMENTS AND CONTINGENCIES (continued)

Additional information about the Organization’s leases for the year ended June 30, 2025 are as follows:

Lease Costs (included in rent expense)

Operating lease cost	\$ 347,263
Total lease cost	\$ 347,263

Other information:

Cash paid for amounts included in measuring operating lease liability:

Operating cash flows from operating lease	\$ 313,884
Total cash paid for amounts included in measuring operating lease liability	\$ 313,884

Remaining lease term (years)	8
Discount rate	3.95%

Maturities of operating lease liabilities as of June 30, 2025

Year ending June 30:	
2026	\$ 324,085
2027	334,617
2028	345,493
2029	356,721
Thereafter	1,546,648
Total lease payments	2,907,564
Less: interest	(439,081)
Present value of lease liability	\$ 2,468,483

2. Federal and state appropriated funds

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 Organization.

NOTE G – PROPERTY AND EQUIPMENT

Property and equipment at June 30 are summarized as follows:

	2025	2024
Office furniture	\$ 39,180	\$ 39,180
Less: accumulated depreciation	(39,180)	(39,180)
Net property and equipment	\$ -	\$ -

Depreciation expense for the years ended June 30, 2025 and 2024 was \$0 and \$5,598, respectively.

Early Learning Coalition of Orange County

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2025

NOTE H – CALCULATION OF MAXIMUM ADMINISTRATIVE EXPENSES

The following tables compare administrative expenses incurred to expenses subject to the maximum administrative expenses allowed by the Division of Early Learning (DEL) for the School Readiness and Voluntary Pre-Kindergarten programs for the years ended June 30, 2025 and 2024:

	<u>School Readiness</u>	<u>School Readiness Plus</u>	<u>Voluntary Pre-Kindergarten</u>	<u>Total</u>
2025:				
Total administrative expenses subject to 5% maximum	\$ 3,829,570	\$ -	\$ 1,656,467	\$ 5,486,037
Maximum 5% administrative expenses allowable per DEL	<u>4,404,538</u>	<u>1,953</u>	<u>1,687,029</u>	<u>6,093,520</u>
Administrative expenses (under) maximum	<u><u>\$ (574,968)</u></u>	<u><u>\$ (1,953)</u></u>	<u><u>\$ (30,562)</u></u>	<u><u>\$ (607,483)</u></u>
2024:				
Total administrative expenses subject to 5% and 4% maximum	\$ 3,316,455	\$ -	\$ 979,259	\$ 4,295,714
Maximum 5% and 4% administrative expenses allowable per DEL	<u>4,077,048</u>	<u>-</u>	<u>1,306,690</u>	<u>5,383,738</u>
Administrative expenses (under) maximum	<u><u>\$ (760,593)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (327,431)</u></u>	<u><u>\$ (1,088,024)</u></u>

NOTE I – 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, quality initiatives, rent, professional fees, office expense, repairs and maintenance, community outreach, training and development, travel, printing and reproduction, and other expense, which are allocated on the basis of estimates of time and effort.

NOTE J – LIQUIDITY AND AVAILABILITY OF RESOURCES

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

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 6,447,483	\$ 6,019,571
Grants receivable	506,692	1,343,177
Due from 4C	-	42,867
Due from DEL	<u>6,515,660</u>	<u>4,150,236</u>
Total financial assets available within one year	<u><u>\$ 13,469,835</u></u>	<u><u>\$ 11,555,851</u></u>

Early Learning Coalition of Orange County

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2025

NOTE J – LIQUIDITY AND AVAILABILITY OF RESOURCES (continued)

As part of the Organization’s liquidity management, it has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations come due. The Organization receives approximately 97% and 98% of its funding from federal and state grants passed through DEL for the years ended June 30, 2025 and 2024, respectively, which are on a reimbursable basis. Throughout the year, the Organization receives advances and reimbursements each month to cover incurred expenses.

As of June 30, 2025, the Organization’s current liabilities exceeded its current assets by approximately \$1.2 million. The Organization monitors cash flows on a regular basis and manages liquidity primarily through the timing of grant reimbursements, advances from funding sources, a bank line of credit, and ongoing operating cash flows. Management believes that these sources, along with continued grant funding, are sufficient to meet the Organization’s obligations as they become due.

NOTE K – INTANGIBLE ASSETS

Intangible assets of \$1,498,848 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
Learning Beyond software subscription	23 Months	\$ 2,134,080	\$ (770,640)	\$ 1,363,440
Teaching Stragies software subscription	19 Months	289,750	(221,000)	68,750
Salesforce software subscription	10 Months	226,582	(159,924)	66,658
Total		<u>\$ 2,650,412</u>	<u>\$ (1,151,564)</u>	<u>\$ 1,498,848</u>

Amortization expense for the years ended June 30, 2025 and 2024, totaled \$2,394,809 and \$797,486, respectively.

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

Years ending June 30:	
2026	\$ 836,768
2027	662,080
	<u>\$ 1,498,848</u>

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

NOTE L – BANK LINE OF CREDIT

On May 5, 2025, the Organization entered into a \$5,000,000 line of credit with a bank, which is due on demand and bears interest at a rate of SOFR plus 2.25% (3.45% at June 30, 2025). There was no outstanding balance at June 30, 2025. The line is secured by substantially all assets of the Organization. Interest is payable monthly and the line of credit matures three months following the date of closing on any advances.

Early Learning Coalition of Orange County

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2025

NOTE M – 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	\$ 126,731,844
Refunds and adjustments	<u>(796,811)</u>
Federal and State expenditures - statements of activities and changes in net assets	<u>\$ 125,935,033</u>

SUPPLEMENTAL INFORMATION



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

To the Board of Directors of
Orange County School Readiness Coalition, Inc.
d/b/a Early Learning Coalition of Orange County
Orlando, 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 Orange County School Readiness Coalition, Inc. d/b/a Early Learning Coalition of Orange County (a nonprofit organization) (the "Coalition") and the Foundation for Early Childhood Development, Inc. (a nonprofit organization) (the "Foundation") (collectively the "Organization"), which comprise the consolidated statement of financial position as of June 30, 2025, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated 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 Organization'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 Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 Organization'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*.

Partners

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Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization'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 Organization'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



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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Joe M. Krusick
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Justin R. Cabral

To the Board of Directors of
Orange County School Readiness Coalition, Inc.
d/b/a Early Learning Coalition of Orange County
Orlando, Florida

Report on Compliance for Each Major Federal Program and State Project

Opinion on Each Major Federal Program and State Project

We have audited Orange County School Readiness Coalition, Inc. d/b/a Early Learning Coalition of Orange County (a nonprofit organization) (the "Coalition") and the Foundation for Early Childhood Development, Inc.'s (a nonprofit organization) (the "Foundation") (collectively the "Organization") 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 the Organization's major federal programs and state project for the year ended June 30, 2025. The Organization'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, the Organization 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), and 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 and 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 the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program and state project. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

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Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization'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 the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance and Chapter 10.650, will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization'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*, and the Uniform Guidance, and Chapter 10.650, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization'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 and 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 and 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.

Report on Internal Control over Compliance (continued)

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. Accordingly, this report is not suitable for any other purpose.

Moss, Krusick & Associates, LLC

Winter Park, Florida
February 4, 2026

Early Learning Coalition of Orange County
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
Year Ended 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 | \$2,737,539 |
| 5. Auditee qualified as low-risk auditee? | No |

Identification of major programs:

<u>Name of Federal Program</u>	<u>ALN</u>
Child Care and Development Cluster	93.575 & 93.596
Temporary Assistance for Needy Families	93.558

Early Learning Coalition of Orange County
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
Year Ended 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 | |
| | \$1,064,415 |

Identification of major projects:

<u>Name of State Projects</u>	<u>CSFA Number</u>
Voluntary Pre-Kindergarten Education Program	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 |

Early Learning Coalition of Orange County
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
Year Ended June 30, 2025

Section III – Financial Statement Findings

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

Section IV – Federal Award and State Financial Assistance 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

Finding 2024-001 Repeat of PY 2023-001: Preparation of Financial Statements and Significant Adjustments

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

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

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

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

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

Resolution: Resolved. The Organization has implemented proper processes for its transactions and year end close.

Finding 2024-002 Repeat of 2023-002: Timely Remittance of Payment

Federal Programs: ALN 93.575, 93.596, 93.558, 93.104

Criteria: The Organization is required to make payments to vendors within 30 days of receipt of invoice, and approval of goods and services as required by the grant agreement with Florida's Division of Early Learning (DEL).

Condition: Certain payments from the Organization related to federal funding during the year were in excess of the 30 day requirement.

Cause: The Organization experienced turnover in the accounting department during the year, and there was a misunderstanding regarding the payment requirements per the grant guidance.

Early Learning Coalition of Orange County
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
Year Ended June 30, 2025

Section V – Status of Prior Year Audit Findings (continued)

Finding 2024-002 Repeat of 2023-002: Timely Remittance of Payment (continued)

Federal Programs: ALN 93.575, 93.596, 93.558, 93.104

Effect: Past due payments result in noncompliance with grant and provider agreements.

Recommendation: We recommend that the Organization take proactive measures to monitor and ensure that all invoices will be paid in a timely manner.

Resolution: Resolved. The Organization is meeting payment deadlines.

Finding 2024-003: Timely Remittance of Payment

State Project CFSA: 48.108

Criteria: The Organization is required to make payments to vendors within 30 days of receipt of invoice, and approval of goods and services as required by the grant agreement with Florida's Division of Early Learning (DEL).

Condition: Certain payments from the Organization related to federal funding during the year were in excess of the 30 day requirement.

Cause: The Organization experienced turnover in the accounting department during the year, and there was a misunderstanding regarding the payment requirements per the grant guidance.

Effect: Past due payments result in noncompliance with grant and provider agreements.

Recommendation: We recommend that the Organization take proactive measures to monitor and ensure that all invoices will be paid in a timely manner.

Resolution: Resolved. The Organization is meeting payment deadlines and has implemented process to ensure timely payment of vendors.

Early Learning Coalition of Orange County

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
Federal Awards:				
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	EL375	\$ 43,894,535	\$ 39,069,069
Child Care and Development Block Grant	93.575	EL376	5,510,718	4,904,907
Total Child Care and Development Block Grant			49,405,253	43,973,976
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	EL375	28,005,167	24,926,470
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	EL376	368,891	328,338
Total Child Care Mandatory and Matching Funds of the Child Care and Development Fund			28,374,058	25,254,808
Total Child Care and Development Fund Cluster			77,779,311	69,228,784
Temporary Assistance for Needy Families	93.558	EL375	10,348,428	9,210,793
Temporary Assistance for Needy Families	93.558	EL376	45,593	40,581
Total Temporary Assistance for Needy Families			10,394,021	9,251,374
Social Services Block Grant	93.667	EL375	25,171	22,404
Total passed through State of Florida's Division of Early Learning			88,198,503	78,502,562
<i>Passed through the Orange County, Florida</i>				
Substance Abuse and Mental Health Services Administration	93.104	Y22-212	281,466	-
Total U.S. Department of Health and Human Services			88,479,969	78,502,562
U.S. Department of Treasury				
<i>Passed through the Orange County, Florida</i>				
American Rescue Plan Act	21.027	Y22-2408	2,771,352	2,466,689
Total U.S. Department of Treasury			2,771,352	2,466,689
Total Expenditures of Federal Awards			<u>\$ 91,251,321</u>	<u>\$ 80,969,251</u>
State Financial Assistance:				
State of Florida Department of Education				
<i>Passed through State of Florida's Division of Early Learning</i>				
Voluntary Pre-Kindergarten	48.108	EL375	\$ 35,253,792	\$ 31,378,231
Voluntary Pre-Kindergarten	48.108	EL376	187,677	167,045
Total Voluntary Pre-Kindergarten			35,441,469	31,545,276
State General Revenue Unrestricted - School Readiness Plus	N/A	2024-25 SGU	30,367	27,029
State General Revenue Unrestricted - School Readiness Plus	N/A	2025-26 SGU	8,687	7,732
Total State General Revenue Unrestricted - School Readiness Plus			39,054	34,761
Total Expenditures of State Financial Assistance			<u>\$ 35,480,523</u>	<u>\$ 31,580,037</u>
Total Expenditures of Federal Awards and State Financial Assistance			<u>\$ 126,731,844</u>	<u>\$ 112,549,288</u>

Basis of Presentation

The accompanying schedule of expenditures of federal awards and state financial assistance 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 Florida Department of Fiscal Service's State Projects Compliance Supplement. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Indirect Cost Rates

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.

See independent auditor's report.

Early Learning Coalition of Orange County

CONSOLIDATING SCHEDULE FOR STATEMENT OF FINANCIAL POSITION

June 30, 2025

	Early Learning Coalition of Orange County	Foundation for Early Childhood Development, Inc.	Eliminations	Total
ASSETS				
Current assets				
Cash and cash equivalents	\$ 6,419,949	\$ 27,534	\$ -	\$ 6,447,483
Grants receivable	506,692	-	-	506,692
Due from DEL	6,515,660	-	-	6,515,660
Other assets	155,873	-	-	155,873
	<u>13,598,174</u>	<u>27,534</u>	<u>-</u>	<u>13,625,708</u>
Total current assets	13,598,174	27,534	-	13,625,708
Intangible assets, net	1,498,848	-	-	1,498,848
Operating lease right-of-use asset	2,339,017	-	-	2,339,017
	<u>17,436,039</u>	<u>27,534</u>	<u>-</u>	<u>17,463,573</u>
Total assets	<u>\$ 17,436,039</u>	<u>\$ 27,534</u>	<u>\$ -</u>	<u>\$ 17,463,573</u>
LIABILITIES AND NET ASSETS				
Current liabilities				
Accounts payable and other	\$ 7,998,240	\$ -	\$ -	\$ 7,998,240
Due to DEL	5,212,591	-	-	5,212,591
Deferred revenue	393,731	-	-	393,731
Accrued compensation	1,021,143	-	-	1,021,143
Operating lease liability	230,071	-	-	230,071
	<u>14,855,776</u>	<u>-</u>	<u>-</u>	<u>14,855,776</u>
Total current liabilities	14,855,776	-	-	14,855,776
Non-current operating lease liability	2,238,412	-	-	2,238,412
	<u>17,094,188</u>	<u>-</u>	<u>-</u>	<u>17,094,188</u>
Total liabilities	17,094,188	-	-	17,094,188
Net assets				
Without donor restrictions	341,851	27,534	-	369,385
	<u>341,851</u>	<u>27,534</u>	<u>-</u>	<u>369,385</u>
Total net assets	341,851	27,534	-	369,385
Total liabilities and net assets	<u>\$ 17,436,039</u>	<u>\$ 27,534</u>	<u>\$ -</u>	<u>\$ 17,463,573</u>

See independent auditor's report.

Early Learning Coalition of Orange County

**CONSOLIDATING SCHEDULE FOR STATEMENT OF ACTIVITIES
AND CHANGES IN NET ASSETS**

Year Ended June 30, 2025

	Early Learning Coalition of Orange County	Foundation for Early Childhood Development, Inc.	Eliminations	Total
REVENUES AND SUPPORT				
Government grants:				
School Readiness	\$ 87,387,446	\$ -	\$ -	\$ 87,387,446
Voluntary Pre-Kindergarten	35,439,037	-	-	35,439,037
Orange County	3,108,550	-	-	3,108,550
Other grant income	4,161,443	-	-	4,161,443
Other income	89,375	340	-	89,715
	<u>130,185,851</u>	<u>340</u>	<u>-</u>	<u>130,186,191</u>
Total revenues and support				
EXPENSES				
Program services:				
School Readiness	86,999,252	-	-	86,999,252
Voluntary Pre-Kindergarten	33,284,427	-	-	33,284,427
Orange County	5,765,751	-	-	5,765,751
Other	2,281,352	-	-	2,281,352
	<u>128,330,782</u>	<u>-</u>	<u>-</u>	<u>128,330,782</u>
Total program services				
Coalition support services:				
Management and general	5,110,182	304	-	5,110,486
	<u>133,440,964</u>	<u>304</u>	<u>-</u>	<u>133,441,268</u>
Total expenses				
Change in net assets	(3,255,113)	36	-	(3,255,077)
NET ASSETS AT BEGINNING OF YEAR	<u>3,596,964</u>	<u>27,498</u>	<u>-</u>	<u>3,624,462</u>
NET ASSETS AT END OF YEAR	<u>\$ 341,851</u>	<u>\$ 27,534</u>	<u>\$ -</u>	<u>\$ 369,385</u>

See independent auditor's report.