

**EARLY LEARNING COALITION OF PALM BEACH COUNTY, 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 Palm Beach County, Inc.  
Boynton Beach, Florida

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

#### ***Opinion***

We have audited the accompanying financial statements of Early Learning Coalition of Palm Beach County, Inc. (the "Coalition") (a nonprofit organization), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years 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 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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 audits. 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,

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

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

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

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

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, State of Florida Chapter 10.650, *Rules of the Auditor General*, and special audit guidance provided by the Division of Early Learning, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and state financial assistance is fairly stated, in all material respects, in relation to the financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 12, 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 12, 2026

**Early Learning Coalition of Palm Beach County, Inc.**

**STATEMENTS OF FINANCIAL POSITION**

**June 30, 2025 and 2024**

**ASSETS**

	<u>2025</u>	<u>2024</u>
Current assets:		
Cash and cash equivalents	\$ 5,097,637	\$ 9,474,259
Grants receivable	13,235,628	9,968,180
Due from providers	99,199	105,460
Prepaid expenses and other assets	<u>407,411</u>	<u>282,821</u>
Total current assets	18,839,875	19,830,720
Operating lease right-of-use asset	488,940	603,672
Property and equipment, net	9,139	18,279
Intangible assets, net	<u>777,577</u>	<u>1,910,380</u>
Total assets	<u><u>\$ 20,115,531</u></u>	<u><u>\$ 22,363,051</u></u>

**LIABILITIES AND NET ASSETS**

Current liabilities:		
Accounts payable and accrued expenses	\$ 14,578,260	\$ 15,632,269
Compensated absences	531,297	459,217
Due to providers	-	2,302
Due to funders	5,017	43,680
Deferred revenue	3,764,596	3,322,765
Operating lease liability	<u>121,805</u>	<u>110,833</u>
Total current liabilities	19,000,975	19,571,066
Non-current operating lease liability	<u>397,391</u>	<u>519,196</u>
Total liabilities	<u>19,398,366</u>	<u>20,090,262</u>
Net assets (deficit):		
Without donor restrictions		
Equity in fixed assets	786,716	1,928,659
Undesignated	<u>(194,605)</u>	<u>(95,168)</u>
Total net asset without donor restriction	<u>592,111</u>	<u>1,833,491</u>
With donor restriction	<u>125,054</u>	<u>439,298</u>
Total net assets	<u>717,165</u>	<u>2,272,789</u>
Total liabilities and net assets	<u><u>\$ 20,115,531</u></u>	<u><u>\$ 22,363,051</u></u>

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

**Early Learning Coalition of Palm Beach County, Inc.**

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

**Year Ended June 30, 2025**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES AND SUPPORT</b>			
Grants and contributions:			
Department of Health and Human Services	\$ 4,025,032	\$ -	\$ 4,025,032
Federal / State grant revenue passed through Florida's Division of Early Learning	145,687,263	-	145,687,263
Children's Services Council of Palm Beach County	35,143,717	-	35,143,717
Other grant revenue	581,900	-	581,900
Contribution of non-financial assets	172,951	-	172,951
Program income	12,237	-	12,237
Contribution	12,561	83,180	95,741
Net assets released from restrictions	397,424	(397,424)	-
	<u>186,033,085</u>	<u>(314,244)</u>	<u>185,718,841</u>
Total revenues and support			
<b>EXPENSES</b>			
Program services:			
School Readiness	145,399,774	-	145,399,774
Voluntary Pre-Kindergarten	32,531,485	-	32,531,485
Early Head Start	3,883,779	-	3,883,779
	<u>181,815,038</u>	<u>-</u>	<u>181,815,038</u>
Total program services			
Support services:			
General and administrative	5,459,427	-	5,459,427
	<u>5,459,427</u>	<u>-</u>	<u>5,459,427</u>
Total support services			
Total expenses	<u>187,274,465</u>	<u>-</u>	<u>187,274,465</u>
Decrease in net assets	(1,241,380)	(314,244)	(1,555,624)
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>1,833,491</u>	<u>439,298</u>	<u>2,272,789</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 592,111</u>	<u>\$ 125,054</u>	<u>\$ 717,165</u>

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

**Early Learning Coalition of Palm Beach County, Inc.**

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

**Year Ended June 30, 2024**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES AND SUPPORT</b>			
Grants and contributions:			
Department of Health and Human Services	\$ 4,101,980	\$ -	\$ 4,101,980
Federal / State grant revenue passed through Florida's Division of Early Learning	154,661,969	-	154,661,969
Children's Services Council of Palm Beach County	31,118,703	-	31,118,703
Other grant revenue	632,976	-	632,976
Contribution of non-financial assets	172,951	-	172,951
Program income	26,542	-	26,542
Contribution	25,259	67,429	92,688
Net assets released from restrictions	269,314	(269,314)	-
	<u>191,009,694</u>	<u>(201,885)</u>	<u>190,807,809</u>
<b>EXPENSES</b>			
Program services:			
School Readiness	151,417,694	-	151,417,694
Voluntary Pre-Kindergarten	31,789,325	-	31,789,325
Early Head Start	3,672,252	-	3,672,252
	<u>186,879,271</u>	<u>-</u>	<u>186,879,271</u>
Support services:			
General and administrative	4,779,508	-	4,779,508
	<u>4,779,508</u>	<u>-</u>	<u>4,779,508</u>
Total expenses	<u>191,658,779</u>	<u>-</u>	<u>191,658,779</u>
Decrease in net assets	(649,085)	(201,885)	(850,970)
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>2,482,576</u>	<u>641,183</u>	<u>3,123,759</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 1,833,491</u>	<u>\$ 439,298</u>	<u>\$ 2,272,789</u>

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

Early Learning Coalition of Palm Beach County, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2025

	Program Services			Total	General and Administrative	Total
	School Readiness	Voluntary Pre-Kindergarten	Early Head Start			
Personnel and related expenses	\$ 14,300,716	\$ 1,154,021	\$ 1,601,777	\$ 17,056,514	\$ 3,304,389	\$ 20,360,903
Operating expenses						
Depreciation and amortization	-	-	-	-	1,141,942	1,141,942
Office equipment and supplies	1,027,830	7,509	16,501	1,051,840	54,997	1,106,837
Professional services	372,085	25,498	82,478	480,061	428,140	908,201
Technology hosting and support	456,434	29,905	73,833	560,172	207,311	767,483
Occupancy	346,008	18,878	65,847	430,733	176,857	607,590
Professional development	280,234	110	25,702	306,046	5,173	311,219
Communications	231,274	19,138	26,439	276,851	7,151	284,002
Insurance	59,271	5,024	4,964	69,259	76,120	145,379
Travel	56,737	3,007	12,511	72,255	8,892	81,147
Dues and subscriptions	17,088	-	2,079	19,167	35,248	54,415
Equipment rental	16,759	863	1,062	18,684	21	18,705
Miscellaneous	-	-	-	-	11,203	11,203
Postage	5,950	502	653	7,105	697	7,802
Interest and bank fees	2,622	25	-	2,647	903	3,550
Taxes and licenses	130	9	-	139	383	522
Total operating expenses	2,872,422	110,468	312,069	3,294,959	2,155,038	5,449,997
Direct services (childcare)	128,226,636	31,266,996	1,969,933	161,463,565	-	161,463,565
<b>Total expenses</b>	<b>\$ 145,399,774</b>	<b>\$ 32,531,485</b>	<b>\$ 3,883,779</b>	<b>\$ 181,815,038</b>	<b>\$ 5,459,427</b>	<b>\$ 187,274,465</b>

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

Early Learning Coalition of Palm Beach County, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2024

	Program Services			Total	General and Administrative	Total
	School Readiness	Voluntary Pre-Kindergarten	Early Head Start			
Personnel and related expenses	\$ 12,994,607	\$ 1,167,678	\$ 1,477,753	\$ 15,640,038	\$ 3,149,962	\$ 18,790,000
Operating expenses						
Professional development	1,589,182	1,200	37,168	1,627,550	5,461	1,633,011
Depreciation and amortization	-	-	-	-	1,062,747	1,062,747
Professional services	712,431	34,772	55,815	803,018	163,025	966,043
Occupancy	314,734	25,698	64,873	405,305	185,719	591,024
Technology hosting and support	309,793	37,732	75,810	423,335	78,826	502,161
Communications	204,195	17,250	26,947	248,392	23,695	272,087
Office equipment and supplies	163,638	5,886	10,376	179,900	25,902	205,802
Insurance	93,778	9,214	4,704	107,696	31,765	139,461
Dues and subscriptions	88,426	1,616	9,051	99,093	33,530	132,623
Travel	60,531	5,095	13,063	78,689	9,656	88,345
Interest and bank fees	2,842	235	-	3,077	7,295	10,372
Postage	6,679	474	691	7,844	861	8,705
Equipment rental	5,717	464	741	6,922	930	7,852
Taxes and licenses	651	69	-	720	134	854
Total operating expenses	3,552,597	139,705	299,239	3,991,541	1,629,546	5,621,087
Direct services (childcare)	134,870,490	30,481,942	1,895,260	167,247,692	-	167,247,692
<b>Total expenses</b>	<b>\$ 151,417,694</b>	<b>\$ 31,789,325</b>	<b>\$ 3,672,252</b>	<b>\$ 186,879,271</b>	<b>\$ 4,779,508</b>	<b>\$ 191,658,779</b>

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

Early Learning Coalition of Palm Beach County, Inc.

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Decrease in net assets	\$ (1,555,624)	\$ (850,970)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	1,141,942	1,062,747
Non-cash rent	3,898	10,645
Decrease (increase) in assets:		
Contracts and grants receivable	(3,267,448)	1,809,489
Prepaid expenses and other assets	(124,590)	201,383
Due from providers	6,261	333,128
Increase (decrease) in liabilities:		
Accounts payable	(1,054,009)	2,463,284
Compensated absences	72,080	63,986
Due to providers	(2,302)	2,302
Due to funders	(38,663)	(15,272)
Deferred revenue	441,831	(2,726,564)
	<u>(4,376,624)</u>	<u>2,354,158</u>
Net cash (used in) provided by operating activities		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of intangible assets	-	(488,934)
	<u>-</u>	<u>(488,934)</u>
Net cash used in investing activities		
Net (decrease) increase in cash and cash equivalents	(4,376,624)	1,865,224
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>9,474,259</u>	<u>7,609,035</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 5,097,635</u>	<u>\$ 9,474,259</u>

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

**Early Learning Coalition of Palm Beach County, Inc.**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2025 and 2024**

**NOTE A – SIGNIFICANT ACCOUNTING POLICIES**

Organization and Purpose

Early Learning Coalition of Palm Beach County, Inc. (the "Coalition") was organized as a not-for-profit corporation under the laws of the State of Florida on December 31, 1999, for the purpose of implementing School Readiness Programs in Palm Beach County, Florida. The Coalition accomplishes its purpose through implementation of comprehensive programs and services that enhance the cognitive, social, and physical development of children. On March 7, 2005, the Coalition changed its name from the Palm Beach County School Readiness Coalition, Inc. to the Early Learning Coalition of Palm Beach County, Inc. to more accurately reflect the Coalition's expanded responsibilities regarding the Voluntary Pre-Kindergarten (VPK) program.

Although the Coalition has a variety of goals and objectives, all of its goals and objectives relate to the Coalition's two primary programs, School Readiness and VPK. Both of these programs share the following goals: preparation of children for kindergarten, provision of child care to meet the needs of children and parents, and development and training of child care providers.

Basis of Accounting

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

*Net Assets Without Donor Restrictions*

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

*Net Assets With Donor Restrictions*

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

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

Cash and Cash Equivalents

The Coalition's cash and cash equivalents include amounts on deposit in checking, money market and sweep accounts with financial institutions. For purposes of the cash flows statements, the Coalition considers all highly-liquid investments with an original maturity of three months or less when purchased to be cash equivalents. The Coalition maintains its cash in high quality financial institutions which at times, may exceed federally insured limits. The Coalition has not experienced any losses in such accounts and does not believe its cash accounts are exposed to any significant credit risk. Deposits with financial institutions exceeded federal deposit insurance by \$0 and \$35,666 at June 30, 2025 and 2024, respectively. The excess amounts are held in a sweep account.

**Early Learning Coalition of Palm Beach County, Inc.**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2025 and 2024**

**NOTE A – SIGNIFICANT ACCOUNTING POLICIES (continued)**

Grants Receivable

Grants receivable represent uncollected reimbursement requests presented to Florida's Division of Early Learning ("FDEL"), Children's Services Council of Palm Beach County, Inc. ("CSC"), and other funding sources for payment. Management believes the entire balance is collectible based on amounts collected to date and prior collection history. Therefore, no allowance for potentially uncollectible grants receivable is provided.

Prepaid Expense and Other Assets

Payments for expenses extending over more than one accounting period are accounted for as prepaid expenses and allocated between accounting periods.

Property and Equipment

Property and equipment over \$5,000 is capitalized and stated at cost if purchased. Donations of property and equipment are recorded as support at their estimated fair value when received. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Coalition reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Coalition received no donations of property and equipment in 2025 and 2024. Property and equipment is depreciated using the straight-line method over the estimated useful life of the asset, generally three to seven years.

Intangible Assets

Software subscriptions over \$5,000 are capitalized and stated at cost, and are amortized using the straight-line method over the term of the agreement, generally one to three years.

Deferred Revenue

Deferred revenue represents grant funds received from FDEL and CSC in advance of allowable expenditures being incurred.

Compensated Absences

The Coalition accrues unused vacation and sick time when earned by employees in accordance with Coalition policy. Employees of the Coalition may accumulate up to 160 hours of unused vacation leave. Hours in excess of the 160 hour limit at the end of the fiscal year are forfeited. Accumulated vacation is payable to an employee in good standing upon separation based on the number of years in service.

Due to Funders

Due to funders consists of School Readiness restitution payments received from fraudulent cases, direct service (slot) credit adjustments and other adjustments which are owed back to grant funders. Amounts due to FDEL and CSC were \$5,017 and \$43,680 at June 30, 2025 and 2024, respectively.

**Early Learning Coalition of Palm Beach County, Inc.**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2025 and 2024**

**NOTE A – SIGNIFICANT ACCOUNTING POLICIES (continued)**

Grant Funding and Revenue Recognition

The Coalition follows Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (ASC 606), which outlines a five-step model whereby revenue is recognized as performance obligations within a contract are satisfied, and ASU 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASC 958), which clarifies how transactions should be accounted for as contributions (nonreciprocal transactions) or exchange transactions and whether a contribution is conditional.

The Coalition's support consists primarily of funds received from the Federal and State governments, which are passed through FDEL. Revenues are earned as allowable grant costs are incurred. The continued existence of the programs administered by the Coalition is dependent upon the continued support received from these grants.

Government grants are subject to annual renewal and periodic amendment and require the fulfillment of certain conditions as set forth in each agreement. Amounts received or receivable from grantor agencies are subject to audit by those agencies and any disallowed expenses, including amounts already received, might constitute a liability of the Coalition for return of those funds. Management believes that the Coalition has met all requirements and objectives of the grantor agencies and considers it unlikely that any material amount of funds would be returned.

Contributions of Non-Financial Assets

Contributions of non-financial assets are recognized as revenue in the period received at their fair value. During the fiscal years ended June 30, 2025 and 2024, contributions of non-financial assets totaled \$172,951, of which CSC contributed \$172,951 for office space to the Coalition for each year.

Functional Expenses

All expenses are directly identified with the program or supporting service to which they relate and are charged accordingly. The functional expense classifications are identified in the statement of activities as program or support services.

Fair Value of Financial Instruments

FASB ASC 820, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value that provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The fair value measurement of an asset or liability within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The Coalition had no financial assets or liabilities at June 30, 2025 and 2024 that were measured at fair value on a recurring basis under FASB ASC 820.

Leases

The Coalition is a party as lessee for a non-cancellable long-term office lease. The corresponding lease obligation is recorded in an amount equal to the present value of the expected future minimum lease payments paid, discounted by an applicable interest rate. The Coalition has elected to apply the short term lease exception to all leases with a term of one year or less.

Early Learning Coalition of Palm Beach County, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

NOTE A – SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes

The Coalition is a nonprofit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Coalition is classified as a publicly supported organization other than a private foundation under Section 509(a) of the Code.

The Coalition evaluates its uncertain tax positions in accordance with FASB ASC 740, *Income Taxes*, which states that management's determination of the taxable status of an entity, including its status as a tax exempt entity, is a tax position subject to the standards required for accounting for uncertainty in income taxes. Management does not believe that the Coalition has any significant uncertain tax positions that would be material to the financial statements.

The Coalition's tax returns for tax years 2023 to 2025 are subject to examination by the Internal Revenue Service, generally for a period of three years after they were filed.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Accordingly, actual results could differ from the estimates that were used.

Accounting Pronouncements Implemented

Effective July 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 utilizing the modified retrospective transition method. The adoption of this Standard did not have a material impact on the Coalition's financial statements and did not change how the allowance for credit losses (i.e., doubtful accounts) is determined.

Subsequent Events

The Coalition has evaluated subsequent events through February 12, 2026, which is the date the financial statements were available to be issued.

NOTE B – GRANTS RECEIVABLE

Grants receivable consisted of the following at June 30:

	2025	2024
Florida's Division of Early Learning	\$ 10,674,874	\$ 3,341,667
Children's Services Council of Palm Beach County	2,240,600	5,534,733
Department of Health and Human Services	181,676	1,038,420
School District of Palm Beach County	127,089	36,001
Other	11,389	17,359
Total	<u>\$ 13,235,628</u>	<u>\$ 9,968,180</u>

**Early Learning Coalition of Palm Beach County, Inc.**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2025 and 2024**

**NOTE C – PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at June 30:

	<u>2025</u>	<u>2024</u>
Computer and office equipment	\$ 27,418	\$ 40,094
Less: accumulated depreciation	<u>(18,279)</u>	<u>(21,815)</u>
Total	<u>\$ 9,139</u>	<u>\$ 18,279</u>

Depreciation expense was \$9,139 and \$10,950 for the years ended June 30, 2025 and 2024, respectively.

**NOTE D – INTANGIBLE ASSETS**

Software subscriptions consisted of the following at June 30:

	<u>2025</u>	<u>2024</u>
Software subscriptions	\$ 3,371,184	\$ 3,473,784
Less: accumulated amortization	<u>(2,593,607)</u>	<u>(1,563,404)</u>
Total	<u>\$ 777,577</u>	<u>\$ 1,910,380</u>

Amortization expense was \$1,132,803 and \$1,051,797 for the years ended June 30, 2025 and 2024, respectively. Estimated amortization expense over the remaining terms of the intangible assets are as follows:

Year ending June 30:	
2026	\$ 636,228
2027	121,924
2028	<u>19,425</u>
	<u>\$ 777,577</u>

**NOTE E – LINE OF CREDIT**

The Coalition had a \$7,500,000 line of credit at June 30, 2025 and 2024. The line of credit has a variable interest rate equal to the Wall Street Journal Prime Rate Index (7.5% at June 30, 2025). As of June 30, 2025 and 2024, there were no outstanding balances on the line of credit. The Coalition has pledged its inventory, equipment, chattel paper, instruments, deposits, and other assets as defined in the collateral agreement. The pledged equipment does not include equipment purchased with Federal or State grant funds. The line of credit is payable immediately upon the Lender's demand.

**Early Learning Coalition of Palm Beach County, Inc.**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2025 and 2024**

**NOTE F – NET ASSETS**

**Without Donor Restrictions**

The Coalition's net assets (deficit) without donor restrictions is comprised of undesignated and equity in fixed assets at June 30:

	<u>2025</u>	<u>2024</u>
Equity in fixed assets	\$ 786,716	\$ 1,928,659
Undesignated	<u>(194,605)</u>	<u>(95,168)</u>
Total net assets without donor restrictions	<u>\$ 592,111</u>	<u>\$ 1,833,491</u>

*Undesignated*

Net assets without donor restrictions are considered as undesignated and used at the discretion of the Board and/or management for general operating purposes. Expenditures from the years ended June 30, 2025 and 2024, are included in the statement of functional expenses.

**With Donor Restrictions**

Net assets with donor restrictions are restricted for the following purposes as of June 30:

	<u>2025</u>	<u>2024</u>
Quality Programs	\$ 123,648	\$ 420,523
Emergency/Pandemic Support	<u>1,406</u>	<u>18,775</u>
Total net assets with donor restrictions	<u>\$ 125,054</u>	<u>\$ 439,298</u>

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

	<u>2025</u>	<u>2024</u>
Purpose	\$ 397,424	\$ 269,314
Net assets released from restrictions	<u>\$ 397,424</u>	<u>\$ 269,314</u>

**NOTE G – FEDERAL AND STATE GRANT REVENUE**

The Coalition enters into an annual grant agreement with Florida's Division of Early Learning ("FDEL") for implementation of early learning programs including Voluntary Pre-Kindergarten Education Programs ("VPK") and School Readiness ("SR") Programs. The grant agreement with FDEL is for the fiscal year July 1<sup>st</sup> through June 30<sup>th</sup> and may be renewed on an annual basis at FDEL's discretion. The Coalition received approximately 78% and 81% of its total support for the years ended June 30, 2025 and 2024, respectively, from Federal and State grant funding through the annual contracts with FDEL.

For the fiscal year ended June 30, 2025, the FDEL allocation to the VPK Program was approximately \$32.7 million and the SR Program was approximately \$113 million and required a local match of \$9,355,752 which was provided by the Coalition from local funding sources. For the fiscal year ended June 30, 2024, the FDEL allocation to the VPK Program was approximately \$32 million and the SR Program was approximately \$122.6 million and required a local match of \$8,984,603 which was provided by the Coalition from local funding sources.

**Early Learning Coalition of Palm Beach County, Inc.**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2025 and 2024**

**NOTE H – OTHER GRANT REVENUE**

Other grant revenue consisted of the following for the years ended June 30:

	<u>2025</u>	<u>2024</u>
Other local matching funds	\$ 129,691	\$ 236,683
School District of Palm Beach County	352,021	248,507
Other local funding	<u>100,188</u>	<u>147,786</u>
Total	<u>\$ 581,900</u>	<u>\$ 632,976</u>

**NOTE I – RELATED PARTY TRANSACTIONS**

The Coalition's Board of Directors is required by Florida statutes to include individuals representing certain public and private organizations. Consequently, the Coalition's Board of Directors includes representatives from funding organizations and organizations that receive funds directly and indirectly through the Coalition.

The Coalition's Board, pursuant to enabling legislation, includes one voting representative from CSC and the School District of Palm Beach County (the "District"), both of which provided funding to the Coalition. For the years ended June 30, 2025 and 2024, the Coalition received revenue of \$35,143,717 and \$31,118,703, respectively, from CSC and \$352,021 and \$248,507, respectively, from the District. Grants receivable from related parties are summarized in Note B.

The Coalition's Board also includes one voting representative from the Head Start Program and two child care providers. Coalition Board members are prohibited by Florida Statutes and Board policy from voting on any matter that affects the Coalition's funding of their respective organization or otherwise presents a conflict of their respective organization or otherwise present a conflict of interest.

**NOTE J – DEFERRED COMPENSATION PLAN**

Coalition employees may participate in a deferred compensation plan adopted under the provisions of Internal Revenue Code Section 403(b) (a tax deferred annuity plan for tax-exempt organizations). The deferred compensation plan is available to all employees of the Coalition. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or an unforeseeable emergency. Teachers Insurance and Annuity Association - College Retirement Equities Fund (TIAA-CREF) administers the deferred compensation plan. The Coalition does not contribute to the plan.

**NOTE K – DEFINED CONTRIBUTION PENSION PLAN**

The Coalition's Retirement Plan (the "Plan") is a single employer defined contribution pension plan established by the Coalition to provide retirement and death benefits to employees. The Plan is administered by TIAA-CREF. In a defined contribution plan, the pension benefits a participant will receive depend only on the amount contributed to the participant's account and earnings on investments. Under the terms of the Plan agreement, all forfeitures are used to reduce the employer's contributions.

Early Learning Coalition of Palm Beach County, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

**NOTE K – DEFINED CONTRIBUTION PENSION PLAN (continued)**

Employees are eligible to participate in the Plan after attaining age 21 and completing one year of service. Employees vest 20% per year in employer contributions and are fully vested after five years of credited services.

For employees eligible for the Plan before August 1, 2014, the Coalition contributes 13% of compensation during year one through ten, after which the contribution percentage increases to 15%. For employees eligible for the plan after August 1, 2014, the Coalition contributes 5%, plus an additional discretionary matching contribution. For the fiscal years ended June 30, 2025 and 2024, the discretionary matching contribution percentage was an additional 5%. Plan provisions and contribution requirements are established by and may be amended by the Coalition's Board of Directors. The employer contributions for the years ended June 30, 2025 and 2024, were \$1,185,987 and \$1,094,245, respectively, which was equal to the required contribution amount.

**NOTE L – 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 on the basis of time and effort recorded bi-weekly include personnel and related expenses, professional services, office equipment and supplies, occupancy, professional development, technology hosting and support, communications, dues and subscriptions, travel, insurance, equipment, postage, miscellaneous. Direct Services (childcare) are directly identified by client eligibility.

**NOTE M – COMMITMENTS**

As of June 30, 2025 and 2024, the right-of-use (ROU) asset had a balance of \$488,940 and \$603,672, respectively, as shown in the statement of financial position. As of June 30, 2025 and 2024, the lease liability asset had a balance of \$519,196 (\$121,805 current lease liability and \$397,391 non-current lease liability) and \$630,029 (\$110,833 current lease liability and \$519,196 non-current lease liability), respectively. The lease asset and liability were calculated utilizing the risk-free discount rate (5.21%), according to the Coalition's elected policy.

Lease Costs:

Operating lease cost	\$ 144,958
Total lease cost	<u>\$ 144,958</u>

Other information:

Cash paid for amounts included in measuring operating lease liability:

Operating cash flows from operating lease	\$ 141,060
Total cash paid for amounts included in measuring operating lease liability	<u>\$ 141,060</u>

**Early Learning Coalition of Palm Beach County, Inc.**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2025 and 2024**

**NOTE M – COMMITMENTS (continued)**

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

Year ending June 30:		
2026	\$	145,998
2027		151,107
2028		156,396
2029		120,348
Total lease payments		<u>573,849</u>
Less: interest		<u>(54,653)</u>
Present value of lease liability	\$	<u>519,196</u>

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

As of June 30, 2025 and 2024, financial assets and liquidity resources available within one year of the statement of financial position date for general expenditures are as follows:

	<u>2025</u>	<u>2024</u>
Financial Assets:		
Cash and cash equivalents	\$ 5,097,637	\$ 9,474,259
Grant receivables	13,235,628	9,968,180
Due from providers	<u>99,199</u>	<u>105,460</u>
Total financial assets available within one year	18,432,464	19,547,899
Liquidity resources:		
Line of credit available borrowings	<u>7,500,000</u>	<u>7,500,000</u>
Less:		
Net assets with donor restrictions	<u>(125,054)</u>	<u>(439,298)</u>
Net financial assets and liquidity resources available within one year	<u>\$ 25,807,410</u>	<u>\$ 26,608,601</u>