

**EARLY LEARNING COALITION  
OF PASCO AND HERNANDO COUNTIES, INC.**

**Financial Statements**

**June 30, 2025**

**(With Independent Auditors' Report Thereon)**

# EARLY LEARNING COALITION OF PASCO AND HERNANDO COUNTIES, INC.

## Table of Contents

	<b>Page</b>
Independent Auditors' Report	1
Financial Statements:	
Statement of Financial Position	3
Statement of Activities and Changes in Net Assets	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7
Supplementary Information:	
Schedule of Expenditures of Federal and State Awards	15
Notes to Schedule of Expenditures of Federal and State Awards	16
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	17
Independent Auditors' Report on Compliance for Each Major Federal Program and State Project and on Internal Control over Compliance Required by the Uniform Guidance and Chapter 10.650, <i>Rules of the Auditor General</i>	18
Schedule of Findings and Questioned Costs	20



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Fontana CPAs, P.A.

## Independent Auditors' Report

The Board of Directors  
Early Learning Coalition of Pasco and Hernando Counties, Inc.:

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the accompanying financial statements of Early Learning Coalition of Pasco and Hernando Counties, Inc. (the Organization), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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

#### *Basis for Opinion*

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

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

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

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

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

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

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.

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

We have previously audited the Organization's 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 26, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

#### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of 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* and State of Florida Chapter 10.650, Rules of the Auditor General, 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 is fairly stated, in all material respects, in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 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.

FONTANA CPAs



March 24, 2026

# EARLY LEARNING COALITION OF PASCO AND HERNANDO COUNTIES, INC.

## Statement of Financial Position

June 30, 2025

With comparative totals for 2024

<b>Assets</b>	<b>2025</b>	<b>2024</b>
Current assets:		
Cash	\$ 940,771	\$ 1,680,820
Grants and accounts receivable	2,286,473	917,707
Provider advances - VPK	140,999	191,084
Total current assets	3,368,243	2,789,611
Due from Providers	208,963	213,463
Property and equipment, net of accumulated depreciation	7,814	10,333
Operating lease right-of-use-asset	750,215	242,599
Deposits	17,763	7,489
Total assets	<u>\$ 4,352,998</u>	<u>\$ 3,263,495</u>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable	\$ 3,107,172	\$ 2,543,195
Accrued salaries	268,901	113,904
Accrued benefits	324,620	348,457
Operating lease liability	149,714	153,935
Total current liabilities	3,850,407	3,159,491
Due to Division of Early Learning	208,963	213,463
Non-current operating lease liability	600,501	88,664
Total liabilities	4,659,871	3,461,618
Net assets (deficit):		
Net assets (deficit) without donor restrictions	(306,873)	(198,123)
Total net assets	(306,873)	(198,123)
Total liabilities and net assets	<u>\$ 4,352,998</u>	<u>\$ 3,263,495</u>

See accompanying notes to financial statements.

**EARLY LEARNING COALITION OF PASCO AND HERNANDO COUNTIES, INC.**

Statement of Activities and Changes in Net Assets

For the year ending June 30, 2025  
With comparative totals for 2024

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>	
			<b>2025</b>	<b>2024</b>
Revenue and other support:				
Grants - Federal and State	\$ 40,945,923	\$ —	\$ 40,945,923	\$ 45,965,695
Grants-other	68,900	—	68,900	77,728
Other	527	—	527	22,117
Contributions	—	—	—	767
Total revenue and other support	<u>41,015,350</u>	<u>—</u>	<u>41,015,350</u>	<u>46,066,307</u>
Expenses:				
Program services:				
School Readiness	23,444,953	—	23,444,953	18,477,683
Voluntary Pre-K	16,403,489	—	16,403,489	16,007,604
Other Programs	8,979	—	8,979	34,167
Total program services	<u>39,857,421</u>	<u>—</u>	<u>39,857,421</u>	<u>44,882,650</u>
Supporting services:				
Management and general	1,266,679	—	1,266,679	1,215,116
Total supporting services	<u>1,266,679</u>	<u>—</u>	<u>1,266,679</u>	<u>1,215,116</u>
Total expenses	<u>41,124,100</u>	<u>—</u>	<u>41,124,100</u>	<u>46,097,766</u>
Change in net assets	(108,750)	—	(108,750)	(31,459)
Net assets at beginning of year	<u>(198,123)</u>	<u>—</u>	<u>(198,123)</u>	<u>(166,664)</u>
Net assets at end of year	<u><u>\$ (306,873)</u></u>	<u><u>\$ —</u></u>	<u><u>\$ (306,873)</u></u>	<u><u>\$ (198,123)</u></u>

See accompanying notes to financial statements.

**EARLY LEARNING COALITION OF PASCO AND HERNANDO COUNTIES, INC.**

Statement of Functional Expenses

For the year ending June 30, 2025

With comparative totals for 2024

	<u>Program services</u>				<u>Supporting services</u>	<u>Total expenses</u>	
	<u>School Readiness</u>	<u>Voluntary Pre-K</u>	<u>Other Programs</u>	<u>Total</u>	<u>Management and general</u>	<u>2025</u>	<u>2024</u>
Salaries	\$ 1,960,540	\$ 196,957	\$ 1,869	\$ 2,159,366	\$ 782,206	\$ 2,941,572	\$ 2,971,054
Fringe benefits	496,967	38,983	286	536,236	227,085	763,321	759,830
Total salaries and related expenses	2,457,507	235,940	2,155	2,695,602	1,009,291	3,704,893	3,730,884
Payments to providers	20,277,660	16,015,089	—	36,292,749	—	36,292,749	35,030,783
Payments to contractors and vendors	101,878	119,400	375	221,653	35,671	257,324	285,920
Professional fees	372	28	—	400	42,659	43,059	82,824
Quality initiatives	150,496	—	—	150,496	11,000	161,496	5,873,950
Travel and training	29,418	3,758	—	33,176	9,528	42,704	81,823
Occupancy	201,658	9,042	—	210,700	55,178	265,878	229,914
Insurance	26,175	1,914	—	28,089	12,769	40,858	32,584
Dues and subscriptions	77,786	706	—	78,492	7,262	85,754	143,500
Vehicle expenses	29	—	—	29	—	29	—
Supplies	63,987	4,740	—	68,727	15,385	84,112	96,046
Other	57,987	12,872	6,449	77,308	65,417	142,725	504,707
Total expenses before depreciation	23,444,953	16,403,489	8,979	39,857,421	1,264,160	41,121,581	46,092,935
Depreciation	—	—	—	—	2,519	2,519	4,831
Total expenses	\$ 23,444,953	\$ 16,403,489	\$ 8,979	\$ 39,857,421	\$ 1,266,679	\$ 41,124,100	\$ 46,097,766

See accompanying notes to financial statements.

**EARLY LEARNING COALITION OF PASCO AND HERNANDO COUNTIES, INC.**

Statement of Cash Flows

For the year ending June 30, 2025

With comparative totals for 2024

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities:		
Change in net assets	\$ (108,750)	(31,459)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	2,519	4,831
Changes in operating assets and liabilities:		
Grants and accounts receivable	(1,368,766)	(60,093)
Provider advances	50,085	(40,378)
Prepaid expenses	—	40,000
Deposits	(10,274)	—
Accounts payable	563,977	(45,708)
Accrued salaries	154,997	5,412
Accrued benefits	(23,837)	17,588
Net cash used in operating activities	<u>(740,049)</u>	<u>(109,807)</u>
Net change in cash	(740,049)	(109,807)
Cash at beginning of year	<u>1,680,820</u>	<u>1,790,627</u>
Cash at end of year	<u>\$ 940,771</u>	<u>1,680,820</u>

See accompanying notes to financial statements.

# EARLY LEARNING COALITION OF PASCO AND HERNANDO COUNTIES, INC.

## Notes to Financial Statements

June 30, 2025

### (1) Summary of Significant Accounting Policies and Practices

#### (a) *Nature of Organization*

Early Learning Coalition of Pasco and Hernando Counties, Inc., (the Organization or the Coalition) is a non-profit corporation organized under the laws of the State of Florida. The Organization's role is to develop and administer a comprehensive school readiness program and Voluntary Pre-Kindergarten (VPK) delivery system that prepares children to succeed in school and in life. This is an ongoing process that involves building on existing services, working in cooperation with other programs for young children, and coordinating and integrating program funding to achieve efficiency and effectiveness.

#### (b) *Basis of Accounting*

These financial statements, which are presented on the accrual basis of accounting, have been prepared to focus on the Organization as a whole and to present revenue, expenses, and net assets based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Net assets without donor restrictions – Net assets not subject to donor-imposed stipulations.

Net assets with donor restrictions – Net assets which are subject to donor-imposed stipulations that may or will be met by actions of the Organization and/or the passage of time. At June 30, 2025, there were no temporarily restricted net assets.

Revenue is reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Federal, state and local grants are considered exchange transactions and are recorded as unrestricted revenue when earned.

Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenue of the net asset without donor restrictions class. Contributions are recognized when the donor makes a promise to give to the Organization, that is, in substance, unconditional.

#### (c) *Property and Equipment*

Equipment is stated at cost, if purchased, or at estimated fair value at the date of receipt if acquired by gift. Depreciation is calculated using the straight-line method over the estimated useful lives of the respective assets. Major renewals and betterments are capitalized. Maintenance, repairs and minor renewals are expensed as incurred. It is the policy of the Organization to maintain all property and equipment in good condition.

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 therefrom is subject to applicable regulations. The capitalization threshold is \$1,000.

## EARLY LEARNING COALITION OF PASCO AND HERNANDO COUNTIES, INC.

### Notes to Financial Statements

June 30, 2025

**(d) *Accrued Benefits***

Accrued benefits represent vested vacation leave. Vacation leave is charged as an expense in the period in which it is earned by the employee.

**(e) *Use of Estimates***

Management of the Organization has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities, as well as pro rata allocations in the recording of expenditures, to prepare these financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results could differ from those estimates.

**(f) *Income Taxes***

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue code.

**(g) *Uncertain Tax Positions***

The Organization accounts for the effect of any uncertain tax positions based on a “more likely than not” threshold to the recognition of the tax positions being sustained based on the technical merits of the position under scrutiny by the applicable taxing authority. If a tax position or positions are deemed to result in uncertainties of those positions, the unrecognized tax benefit is estimated based on a “cumulative probability assessment” that aggregates the estimated tax liability for all uncertain tax positions. The Organization has identified its tax status as a tax-exempt entity as its only significant tax position; however, the Organization has determined that such tax position does not result in the uncertainty requiring recognition. The Organization is not currently under examination by any taxing jurisdiction. The Organization’s federal returns are generally open for examination for three years following the date filed.

**(h) *Leases***

The Organization determines whether an arrangement is a lease at the inception of the arrangement based on the terms and conditions in the contract. Operating lease right-of-use (ROU) assets and lease liabilities are disclosed on the statements of financial position. On the statement of functional expense lease expense for operating lease payments are recognized on a straight-line basis over the lease term. The Organization does not have finance lease ROU assets. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent an obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. Lease agreements may include options to extend or terminate the lease. When it is reasonably certain that the organization will exercise an extension option, the terms of the extension are included in the recognized values of ROU assets and lease liabilities.

**EARLY LEARNING COALITION OF PASCO AND HERNANDO COUNTIES, INC.**

Notes to Financial Statements

June 30, 2025

**(h) Leases (continued)**

As most of the organization’s leases do not provide the lessor’s implicit rate, the organization uses its incremental borrowing rate or the risk-free discount rate at the commencement date in determining the present value of lease payments. Leases with an initial term of 12 months or less are not recorded on the statements of financial position, and lease expense is recognized in accordance with the terms of the arrangement over the lease term.

**(i) Comparative Financial Information**

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

**(2) Liquidity and Availability of Financial Assets**

The following represents the Organization’s financial assets as of the date of the Statement of Financial Position, reduced by amounts not available for general use because of contractual or donor-imposed restrictions with-in one year of the statement of financial position date.

	2025	2024
Cash	\$ 940,771	\$ 1,680,820
Grants and accounts receivable	2,286,473	917,707
Liquid financial assets, at year-end	3,227,244	2,598,527
Less those unavailable for general expenditures within one year, due to:		
Restricted by donor with time or purpose restrictions	—	—
Total amounts unavailable for general expenditures within one year	\$ —	\$ —
Liquid financial assets available to meet cash needs for general expenditures within one year	<u>\$ 3,227,244</u>	<u>\$ 2,598,527</u>

These financial assets available to meet general expenditures represent approximately 28 days of operating expenses at June 30, 2025, and 20 days at June 30, 2024.

**EARLY LEARNING COALITION OF PASCO AND HERNANDO COUNTIES, INC.**

Notes to Financial Statements

June 30, 2025

**(3) Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited. The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of allocation</u>
Salaries and Fringe Benefits	Time and effort
Payments to providers	Direct usage
Quality initiatives	Direct usage
Payments to contractors and vendors	Management's estimate of benefit derived
Professional fees	Management's estimate of benefit derived
Travel and training	Management's estimate of benefit derived
Occupancy	Management's estimate of benefit derived
Insurance	Management's estimate of benefit derived
Dues and subscriptions	Management's estimate of benefit derived
Vehicle expenses	Management's estimate of benefit derived
Supplies	Management's estimate of benefit derived
Other	Management's estimate of benefit derived

**(4) Property and Equipment**

Property and equipment consist of the following at June 30:

	<u>2025</u>	<u>2024</u>	<u>Estimated useful lives</u>
Automobile	\$ 53,824	\$ 53,824	5 years
Equipment	97,820	97,820	5 years
Furniture and fixtures	44,398	44,398	5 years
Software	<u>50,860</u>	<u>50,860</u>	3 to 5 years
	246,902	246,902	
Less accumulated depreciation and amortization	<u>(239,088)</u>	<u>(236,569)</u>	
	<u>\$ 7,814</u>	<u>\$ 10,333</u>	

The depreciation and amortization expense for the year ended June 30, 2025 and 2024 was \$2,519 and \$4,831, respectively.

**(5) Retirement Plan**

The Coalition established a 403(b) retirement plan for its employees on April 15, 2005. All employees are eligible to participate. Employees are immediately fully vested. For the years ended June 30, 2025 and 2024, the Coalition matched 100% of employee-elected deferrals, up to a maximum of 5% of eligible salaries.

# EARLY LEARNING COALITION OF PASCO AND HERNANDO COUNTIES, INC.

## Notes to Financial Statements

June 30, 2025

### (5) Retirement Plan (continued)

The Executive Director receives additional contributions tiered based on years of employment as stated in his employee contract. The Coalition's total contribution to the plan was \$148,990 for 2025, and \$148,726 for 2024.

### (6) Concentration

Approximately 99% of the Organization's revenue is provided by the State of Florida's Division of Early Learning (DEL) for 2025 and 2024.

The FDIC insurance coverage is for \$250,000 and it is provided per depositor who has a deposit account held at an FDIC-insured institution. The Organization's cash deposited in a single financial institution exceeds amounts insured by FDIC by approximately \$690,771 at June 30, 2025, and \$1,430,820 at June 30, 2024.

The Organization provides services to Pasco and Hernando Counties, Florida.

### (7) Operating Leases

The Organization leased office spaces (New Port Richey, Hudson and Spring Hill) under operating leases with unrelated parties. The New Port Richey and Spring Hill leases were canceled during 2025. The Hudson lease expires in March 2030. Expense for the periods ended June 30, 2025 and 2024 was approximately \$182,823 and \$176,197, respectively.

The Organization has several operating equipment leases. These leases are cancelable and expire at various dates through August 2027. Rental expense for the periods ended June 30, 2025 and 2024 was approximately \$8,125 for each period.

The right-of-use (ROU) asset had a balance of \$750,215 and \$242,599 as of June 30, 2025 and 2024, respectively, as shown in noncurrent assets on the Statement of Financial Position; and the lease liability in other current liabilities of \$149,714 and \$153,935 as of June 30, 2025 and 2024, respectively; and in other long-term liabilities of \$600,501 and \$88,664 at June 30, 2025 and 2024, respectively. The lease asset and liability were calculated utilizing the risk-free discount rate applicable to each lease term according to the Organization's policy. The weighted average remaining lease term in years was 4.6 and the weighted-average discount rate was 3.84% as of June 30, 2025.

Additional information about the Organization's lease is as follows:

<b><u>Lease Costs:</u></b>	<b><u>2025</u></b>	<b><u>2024</u></b>
Operating lease cost	\$ 190,948	\$ 184,322
Total lease cost	\$ <u>190,948</u>	\$ <u>184,322</u>

**EARLY LEARNING COALITION OF PASCO AND HERNANDO COUNTIES, INC.**

Notes to Financial Statements

June 30, 2025

**(7) Operating Leases (continued)**

Maturities of operating lease liabilities as of June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
2025	\$ n/a	\$ 161,482
2026	147,159	48,722
2027	179,982	43,659
2028	182,308	383
2029	187,166	—
2030	143,389	—
Thereafter	<u>—</u>	<u>—</u>
Total lease payments	\$ 840,004	\$ 254,246
Less: present value discount	<u>(89,789)</u>	<u>(11,647)</u>
Total lease liability	\$ <u>750,215</u>	\$ <u>242,599</u>

**(8) Commitments and Contingencies**

The Organization is subject to audit examination by funding sources to determine compliance with grant conditions. In the event that expenditures would be disallowed, repayment could be required. Management believes the Organization is in compliance with the terms of its grant agreements.

The Organization is involved in various other claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Organization's financial position, results of operations or liquidity.

The Organization has an asset of funds due from providers and an offsetting liability due to the DEL. If providers do not make full repayment, the Organization could be liable for the repayments to the DEL.

**(9) Calculation of Maximum Administrative Expenses**

The following tables compare actual administrative expenses incurred versus the maximum administrative expenses allowed by the DEL for the School Readiness and Voluntary Pre-Kindergarten programs for the years ended June 30, 2025 and 2024:

<b>2025:</b>	<u>School Readiness</u>	<u>Voluntary Pre- Kindergarten (VPK)</u>
Actual administrative expenses incurred	\$ 736,189	\$ 653,133
Administrative expenses allowable - max	<u>1,210,015</u>	<u>667,973</u>
Administrative expenses (under) over maximum	\$ <u>(473,826)</u>	\$ <u>(14,840)</u>

**EARLY LEARNING COALITION OF PASCO AND HERNANDO COUNTIES, INC.**

Notes to Financial Statements

June 30, 2025

**(9) Calculation of Maximum Administrative Expenses (continued)**

<b>2024:</b>	<b>School Readiness</b>	<b>Voluntary Pre- Kindergarten (VPK)</b>
Actual administrative expenses incurred	\$ 705,434	\$ 598,849
Administrative expenses allowable - max	<u>953,947</u>	<u>652,572</u>
Administrative expenses (under) over maximum	<u>\$ (248,513)</u>	<u>\$ (53,723)</u>

VPK administrative costs above include enrollment and monitoring expenses; however, they are not included in management and general expenses in the attached financial statements.

**(10) Subsequent Events**

Management has evaluated subsequent events through March 24, 2026, the date which the financial statements were available for issue. No subsequent events requiring disclosure were noted by management.

## **Supplementary Information**

**EARLY LEARNING COALITION OF PASCO AND HERNANDO COUNTIES, INC.**

Schedule of Expenditures of Federal and State Awards

Year ended June 30, 2025

<u>Grantor/Pass-Through Grantor Program Title</u>	<u>Grant period</u>	<u>Federal ALN #</u>	<u>Contract #</u>	<u>Federal Expenditures</u>
<b>U.S. Department of Health and Human Services:</b>				
<i>Passed through State of Florida Division of Early Learning</i>				
<b>Child Care and Development Fund Cluster</b>				
Child Care and Development Block Grant	7/1/24-6/30/25	93.575	EL405	\$ 10,311,196
CCDBG Supplemental -American Rescue Plan Act	7/1/24-6/30/25	93.575	EL405	2,463,487
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	7/1/24-6/30/25	93.596	EL405	6,609,713
Total Child Care and Development Fund Cluster				<u>19,384,396</u>
Social Services Block Grant	7/1/24-6/30/25	93.667	EL405	13,645
Preschool Development Grant	7/1/24-6/30/25	93.434	EL405	—
Temporary Assistance for Needy Families	7/1/24-6/30/25	93.558	EL405	<u>4,848,546</u>
Total U.S. Department of Health and Human Services				24,246,587
Total Federal Expenditures				<u>24,246,587</u>
<u>Grantor/Pass-Through Grantor Program Title</u>	<u>Grant period</u>	<u>State CSFA #</u>	<u>Contract #</u>	<u>State Expenditures</u>
<i>Passed through State of Florida Division of Early Learning</i>				
Voluntary Pre-K	7/1/24-6/30/25	48.108	EL405	<u>16,699,336</u>
Total State Expenditures				<u>16,699,336</u>
Total Federal and State Expenditures				<u>\$ 40,945,923</u>

**EARLY LEARNING COALITION OF PASCO AND HERNANDO COUNTIES, INC.**

Notes to Schedule of Expenditures of Federal and State Awards

June 30, 2025

**(1) General**

The accompanying Schedule of Expenditures of Federal, State and Local awards includes the grant activity of Organization and 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) and Chapter 10.650, *Rules of the Auditor General*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**(2) Indirect Cost Rates**

The Organization 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 cost rates used on the Coalition's federal programs and state projects are determined by the relevant federal or state agency.



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Fontana CPAs, P.A.

**Independent Auditors' 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***

The Board of Directors  
Early Learning Coalition of Pasco and Hernando Counties, Inc.:

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 the Early Learning Coalition of Pasco and Hernando Counties, Inc. (the Organization) (a nonprofit organization) which comprise the statement of financial position as of June 30, 2025, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 24, 2026.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered the Organization's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of This Report**

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

FONTANA CPAs

March 24, 2026



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**Independent Auditors’ Report on Compliance for Each Major Federal Program and State Project and on Internal Control over Compliance Required by the Uniform Guidance and Chapter 10.650, Rules of the Auditor General**

The Board of Directors  
Early Learning Coalition of Pasco and Hernando Counties, Inc:

**Report on Compliance for Each Major Federal Program and State Project**

***Opinion on Each Major Federal Program and State Project***

We have audited the Early Learning Coalition of Pasco and Hernando Counties, Inc.’s (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 projects 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); Chapter 10.650, *Rules of the Auditor General*, and special audit guidance provided by the Division of Early Learning. Our responsibilities under those standards and the Uniform Guidance 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.

***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, *Rules of the Auditor General* 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.

***Auditor’s Responsibilities for the Audit of Compliance (continued)***

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding 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 and Chapter 10.650, *Rules of the Auditor General*, 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.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and Chapter 10.650, *Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose.

FONTANA CPAs



March 24, 2026

**EARLY LEARNING COALITION OF PASCO AND HERNANDO COUNTIES, INC.**

Schedule of Findings and Questioned Costs

Year ended June 30, 2025

**(1) Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- |  |                 |                  |
|--|-----------------|------------------|
| • Material weakness(es) identified   | <u>        </u> | <u>    X    </u> |
|  | Yes             | No               |
| • Significant deficiencies(s) identified that are not considered to be material weaknesses | <u>        </u> | <u>    X    </u> |
|  | Yes             | None Reported    |
| • Noncompliance material to financial statements noted                                     | <u>        </u> | <u>    X    </u> |
|  | Yes             | No               |

**Federal and State Awards**

Internal control over major programs:

- |  |                 |                  |
|--|-----------------|------------------|
| • Material weakness(es) identified   | <u>        </u> | <u>    X    </u> |
|  | Yes             | No               |
| • Significant deficiencies(s) identified that are not considered to be material weaknesses | <u>        </u> | <u>    X    </u> |
|  | Yes             | None Reported    |

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a) of the Uniform Guidance and Chapter 10.650 *Rules of Auditor General*:

<u>        </u>	<u>    X    </u>
Yes	No

**EARLY LEARNING COALITION OF PASCO AND HERNANDO COUNTIES, INC.**

Schedule of Findings and Questioned Costs

Year ended June 30, 2025

Identification of major programs:

**ALN**

**Name of Federal Program**

93.558  
93.575, 93.596

Temporary Assistance for Needy Families  
Child Care and Development Fund Cluster

**CSFA Number(s)**

**Name of State Project**

48.108

Voluntary Pre-Kindergarten Education Program

Dollar threshold used to distinguish between  
type A and type B for Federal programs:

\$750,000

Dollar threshold used to distinguish between  
type A and type B for State projects:

\$750,000

Auditee qualified as low-risk auditee?

<u>  X  </u>	<u>      </u>
Yes	No

**(2) State of Florida, Division of Early Learning (DEL) Reporting Requirements**

- |  |     |
|--|-----|
| 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 |

**(3) Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards*:**

None.

**(4) Findings and Questioned Costs Relating to Federal and State awards:**

None.

**(5) Status of Prior Year Audit Findings**

There were no prior year audit findings.