

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

**Financial Statements  
and Supplemental  
Information**

**June 30, 2025**

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## INDEPENDENT AUDITOR'S REPORT

### *Partners*

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

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

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

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

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

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

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

To the Board of Directors of  
Early Learning Coalition of Southwest Florida, Inc.  
Fort Myers, Florida

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

#### ***Opinion***

We have audited the accompanying financial statements of the Early Learning Coalition of Southwest Florida, Inc. (the "Coalition") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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

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

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

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

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

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

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

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

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

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 25, 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 25, 2026

Early Learning Coalition of Southwest Florida, Inc.

STATEMENT OF FINANCIAL POSITION

June 30, 2025

ASSETS

Assets	
Cash and cash equivalents	\$ 3,662,050
Contracts and grants receivable	3,362,046
Prepaid expenses	18,243
Security deposit	28,353
Property and equipment, net	24,629
Intangible assets, net	497,157
Operating lease right-of-use asset	<u>115,337</u>
Total assets	<u>\$ 7,707,815</u>

LIABILITIES AND NET ASSETS

Liabilities	
Accounts payable:	
Division of Early Learning	\$ 1,413,041
Providers	3,372,383
Accrued payroll and benefits	285,857
Operating lease liability	<u>117,063</u>
Total liabilities	5,188,344
Net assets	
Without donor restrictions	<u>2,519,471</u>
Total net assets	<u>2,519,471</u>
Total liabilities and net assets	<u>\$ 7,707,815</u>

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

Early Learning Coalition of Southwest Florida, Inc.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended June 30, 2025

<b>REVENUE</b>	
Division of Early Learning	\$ 60,505,740
Local match	1,021,990
Other revenue	1,407,953
Contribution of non-financial assets	<u>55,166</u>
Total revenue	<u>62,990,849</u>
<b>EXPENSES</b>	
Program services	
School Readiness/Voluntary Pre-Kindergarten	59,667,758
Other programs	<u>30,000</u>
Total program expenses	59,697,758
Supporting services	
Administration	<u>2,336,015</u>
Total expenses	<u>62,033,773</u>
Changes in net assets	957,076
<b>NET ASSETS - BEGINNING OF YEAR</b>	<u>1,562,395</u>
<b>NET ASSETS - END OF YEAR</b>	<u><u>\$ 2,519,471</u></u>

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

Early Learning Coalition of Southwest Florida, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2025

	Program Services		Support Services	
	School Readiness/ Voluntary Pre- Kindergarten	Other Programs	Administration	Total
Child care payments	\$ 52,651,169	\$ -	\$ 32,000	\$ 52,683,169
Salaries and benefits	2,550,721	-	1,601,624	4,152,345
Pass-through payments to sub-recipient	1,978,436	-	50,430	2,028,866
Match	1,049,560	-	-	1,049,560
Shared costs	451,801	-	445,881	897,682
Program consultants and supplies	432,057	-	77,424	509,481
Depreciation and amortization	321,878	-	1,814	323,692
Office expenses	58,384	30,000	41,514	129,898
Utilities and telephone	48,972	-	34,438	83,410
Contract services	58,421	-	20,997	79,418
Other expenses	26,211	-	15,566	41,777
Travel expense	18,304	-	9,382	27,686
Meetings and conferences	19,817	-	3,288	23,105
Outreach and advertising	2,027	-	1,657	3,684
Total expenses	<u>\$ 59,667,758</u>	<u>\$ 30,000</u>	<u>\$ 2,336,015</u>	<u>\$ 62,033,773</u>

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

Early Learning Coalition of Southwest Florida, Inc.

STATEMENT OF CASH FLOWS

Year Ended June 30, 2025

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in net assets	\$ 957,076
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation and amortization	323,692
Non-cash rent	(6,690)
(Increase) decrease in assets:	
Contracts and grants receivable	(2,823,791)
Prepaid expenses	47,909
Security deposit	307
Increase (decrease) in liabilities:	
Accounts payable	(1,479,584)
Accrued payroll and benefits	58,867
	<hr/>
Net cash used in operating activities	(2,922,214)
	<hr/>
Net decrease in cash and cash equivalents	(2,922,214)
	<hr/>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	6,584,264
	<hr/>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 3,662,050</u>

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

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

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2025**

**NOTE A - ORGANIZATION**

Early Learning Coalition of Southwest Florida, Inc. (the "Coalition") was formed exclusively to fulfill the intent of Florida State Statute 411.01 "The School Readiness Act". The Coalition recognizes the role of parents as their children's first teachers and the importance of children entering the education system ready to learn. The Coalition seeks to assist parents by providing opportunities for the birth-to-kindergarten population to enhance their chances for education success by participating in quality school readiness ("SR") and voluntary pre-kindergarten ("VPK") programs that can better prepare them for school. The Coalition performs services in Lee, Collier, Hendry, and Glades Counties, Florida.

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

1. Functional allocation of expenses

The cost 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 programs and supporting services benefited as shown in the statement of functional expenses.

Administration: This designation includes the functions necessary to maintain the Coalition's programs and activities; to provide coordination and articulation of the Coalition's program strategy through the office of the executive director; to secure the proper administrative functioning of the board of directors (the "Board"); and to manage the financial and budgetary responsibilities of the Coalition.

Programs: The following programs are included in the accompanying financial statements: School Readiness ("SR") - programs to empower parents as a child's first teacher and help them prepare their children to be ready for school. Voluntary Pre-Kindergarten ("VPK") - program available for every four-year old in Florida for 540 hours of care in either a traditional school year or 300 hours for a summer program.

2. 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.

3. Basis of accounting and financial statement presentation

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.

Early Learning Coalition of Southwest Florida, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

The Coalition reports information regarding its financial position and activities according to two classes of net assets as follows:

*Net Assets Without Donor Restrictions*

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

*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. As of June 30, 2025, there were no net assets with donor restrictions.

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

4. 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. The Coalition also follows ASU 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 are recorded when earned, which is generally when the allowable costs of the specific grant provisions have been incurred or the performance of services rendered. Such revenue is subject to audit by the grantor and, if the examination results in a deficiency of allowable expenses, the Coalition will be required to refund any deficiencies. Management is of the opinion that all monies recognized as revenue have been earned as of June 30, 2025.

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

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2025**

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

4. Revenue recognition (continued)

These amounts are reflected as without donor restricted revenue if received and expended in the same year. Revenue from program fees are recognized when the earnings process is substantially complete, and goods have been delivered or services performed. Revenues from program fees are recognized in the year to which they relate. As part of the Voluntary Pre-Kindergarten grants, the Coalition receives advances on revenue which are to be repaid to the state at the end of the fiscal year.

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

5. Cash and cash equivalents

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

6. Contracts and grants receivable

Contracts and grants receivable, which consists principally of grants due from federal and state governmental agencies, are recorded when services are provided. The Coalition's receivables as of June 30, 2025 are due in less than one year and management believes all receivables are fully collectible.

7. Concentration of credit risk

Financial instruments, which potentially expose the Coalition to concentrations of credit risk, consist principally of cash bank deposits. The Coalition's policy is to place its cash investments in accounts with high quality financial institutions which are insured by Federal Deposit Insurance Corporation, which provides coverage on balances up to \$250,000 per depositor per institution.

The Coalition's bank deposit account balances which, at times, may exceed federally insured limits. The Coalition 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. 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.

Early Learning Coalition of Southwest Florida, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

9. Property and equipment

The Coalition's policy is to capitalize property and equipment with a cost in excess of \$5,000. Depreciation is provided on a straight-line basis over the estimated useful life of ten years.

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

10. Leases

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

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

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

11. Income taxes

The Coalition is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code; therefore, no income tax provision is required in the accompanying financial statements. The Coalition is not classified as a private foundation. Contributions to the Coalition are qualified as deductions for charitable contributions.

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

Early Learning Coalition of Southwest Florida, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

12. Subsequent events

Management has evaluated the effect subsequent events would have on the financial statements through the date these financial statements were available to be issued on February 25, 2026.

NOTE C - RELATED PARTY TRANSACTIONS

As mandated by Chapter 1002, Part VI School Readiness Program; and 1002.83 Early Learning Coalitions, certain members of the Coalition's Board of Directors are considered related parties. The related party members include the Directors of Creative World Schools and First Baptist Preschool.

For the year ended June 30, 2025, the Coalition made payments to and had outstanding payables to related parties as follows:

Payments made:	
- Creative World Schools	\$ 632,863
- First Baptist Preschool	<u>48,682</u>
Total payments	<u>\$ 681,545</u>
Outstanding payables:	
- Creative World Schools	<u>\$ 3,170</u>
Total payables	<u>\$ 3,170</u>

NOTE D - PROPERTY AND EQUIPMENT

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

Furniture and fixtures	\$ 61,577
Less: accumulated depreciation	<u>(36,948)</u>
Property and equipment, net	<u>\$ 24,629</u>

Depreciation expense for the year ended June 30, 2025 was \$4,032.

Early Learning Coalition of Southwest Florida, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE E - INTANGIBLE ASSETS

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

<u>Amortized intangible asset</u>	<u>Remaining Term</u>	<u>Gross Carrying Amount</u>	<u>Accumulated Amortization</u>	<u>Net Carrying Amount</u>
LENA Grow Software & Room Kits	20 months	\$ 318,000	\$ (141,333)	\$ 176,667
MarcoPolo Education Software	18 months	450,000	(225,000)	225,000
Procure Essentials Online #1	18 months	95,472	(47,736)	47,736
Procure Essentials Online #2	18 months	95,508	(47,754)	47,754
		<u>\$ 958,980</u>	<u>\$ (461,823)</u>	<u>\$ 497,157</u>

Amortization expense for the year ended June 30, 2025 totaled \$319,660.

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

Years ending June 30:

2026	\$ 319,660
2027	<u>177,497</u>
	<u>\$ 497,157</u>

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

NOTE F - COMMITMENTS AND CONTINGENCIES

1. Federal and state appropriated funds

The Coalition receives substantially all of its support from the federal and state governments in the form of grants. A significant reduction in the level of this support, if this were to occur, may have a significant effect on the Coalition's programs and activities.

Government grants require the fulfillment of certain conditions as set forth in applicable laws, rules and regulations and in the grant agreements. Failure to fulfill the conditions could result in the return of the funds to the grantor. Management believes such disallowances, if any, would not be material.

2. Litigation

In the normal course of conducting its operations, the Coalition occasionally becomes party to various legal actions and proceedings. At this time, management is not aware of any claims or legal action or any pending or threatened litigation that might have material impact on the Coalition's financial position, results of operations or cash flows. While management believes that the Coalition has adequate general and professional liability coverage, current or subsequent claims could result in additional costs to the Coalition.

Early Learning Coalition of Southwest Florida, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE F - COMMITMENTS AND CONTINGENCIES (continued)

2. Litigation (continued)

Subsequent to the financial statement date, the Coalition settled two legal matters which were handled by the Coalition's insurance provider. In addition, the Coalition has been named in a third matter. Management, in coordination with the Coalition's insurance provider, is actively working to resolve the matter. As of June 30, 2025, no amounts have been recognized in the financial statements for any legal matters as damages were not estimable. In addition, the remaining case is still in discovery stage and management believes any potential amounts would be fully covered under the Coalition's insurance policy.

3. Operating leases

The Coalition had two office space leases under non-cancelable operating lease agreements during fiscal 2025. One lease expired on June 30, 2025, and a new lease for the same office space was executed effective July 1, 2025, with a different landlord. Accordingly, this lease will be recognized on the statement of financial position effective July 1, 2025.

These leases are the only leases required to be included on the statement of financial position under FASB ASU 2016-02.

As of June 30, 2025, the right-of-use (ROU) asset had a balance of \$115,337, as shown in the statement of financial position; the lease liability is included in liabilities (\$117,063).

Additional information about the Coalition's leases are as follows:

Lease costs (included in shared costs):

Operating lease cost	<u>\$ 315,607</u>
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Other information:

Cash paid for amounts included in measuring operating lease liability:

Operating cash flows from operating lease	<u>\$ 322,297</u>
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Total cash paid for amounts included in measuring operating lease liability	<u>\$ 322,297</u>
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Weighted-average remaining lease term (years)	4.08
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Weighted-average discount rate	6.640%
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The difference between rent expense and rent paid is non-cash rent.

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

2026	\$ 31,287
2027	32,226
2028	33,193
2029	34,189
2030	<u>2,855</u>
Total lease payments	133,750
Less: interest	<u>(16,687)</u>
Present value of lease liability	<u>\$ 117,063</u>

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

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2025**

**NOTE G - 401K PLAN**

The Coalition established a 401K Plan effective January 1, 2008 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 in an amount equal to 100% of their elective deferrals that does not exceed 6% of the employees' compensation. 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 \$133,965 to the plan for the year ended June 30, 2025. There were no discretionary profit sharing contributions. Employees are immediately vested in their contributions and the matching contributions.

**NOTE H - 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 Coalition utilizes other cost accumulators codes ("OCA") to allocate expenses to appropriate program and support service categories. These OCA codes are extracted from payroll reports for actual time and effort incurred by Coalition employees.

**NOTE I - MATCHING FUNDS**

From the funds in General Appropriations Act, Specific Appropriation 85, \$30,000,000 is 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 year ended June 30, 2025, the local matching requirements were met. The Coalition included \$394,558 of matching funds collected as both revenue and expense in the statement of activities and changes in net assets.

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

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

Cash and cash equivalents	\$ 3,662,050
Contracts and grants receivable	<u>3,362,046</u>
Total financial assets available to management for general expenditure within one year	<u><u>\$ 7,024,096</u></u>

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

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

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2025**

**NOTE K - DUE TO SCHOOL READINESS PROVIDERS**

Due to a software upgrade to EFS Mod, estimated amounts were paid to school readiness providers throughout the 2018-19 fiscal year. During the 2019-20 fiscal year, the Coalition corrected the estimated amounts and determined balances that were owed to/by the Coalition and to/by various providers due to the under/overpayments (estimated vs. actual).

Upon the documentation review and approval of the amounts; Providers with balances owed to the Coalition agreed to the following terms: 1. a one-time payment 2. six-month repayment plan or 3. Coalition approved plan, agreeing to monthly payment amounts. The balances were also subjected to review and approval by the Providers.

The amount that remains due to the Division of Early Learning (DEL) at June 30, 2025 was \$116,356.

During fiscal year 2025, the Coalition recognized \$1,372,601 in other income resulting from the cleanup of long-outstanding accounts receivable, accounts payable, and other liabilities. This cleanup was necessary to resolve old reconciling items stemming from the software upgrade and included validation of over and under payments to providers. As of the date of the financial statements, all outstanding balances due to providers and to the DEL have been validated and confirmed against the operational EFS Mod system and with DEL. These balances represent the current amounts due to or from these entities. Additionally, the Coalition is not aware of any remaining balances owed to providers that have since closed.

**NOTE L - CONTRIBUTED NON-FINANCIAL ASSETS**

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

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

For the year ended June 30, 2025, contributed non-financial assets recognized as revenue and expense within the Statement of Activities and Changes in Net Assets and Statement of Functional expenses included:

Donated goods	\$ 47,666
Professional services	<u>7,500</u>
	<u>\$ 55,166</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**

**Partners**

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

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

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

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

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

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

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

To the Board of Directors of  
Early Learning Coalition of Southwest Florida, Inc.  
Fort Myers, 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 the Early Learning Coalition of Southwest Florida, Inc. (the “Coalition”) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 25, 2026.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Coalition’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 Coalition’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Coalition’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 Coalition’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*.

**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 Coalition'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 Coalition's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Moss, Krusick & Associates, LLC*

Winter Park, Florida  
February 25, 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***

To the Board of Directors of  
Early Learning Coalition of Southwest Florida, Inc.  
Fort Myers, Florida

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

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

We have audited the Coalition’s 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 Coalition’s major federal programs and state projects for the year ended June 30, 2025. The Coalition’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 Coalition 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 Coalition 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 Coalition’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 Coalition’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 Coalition’s compliance based on our audit.

***Partners***

- W. Ed Moss, Jr.
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### ***Auditor's Responsibilities for the Audit of Compliance (continued)***

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*, 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 Coalition'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*, 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 Coalition'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 Coalition'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 Coalition'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 or 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 or 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 or 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, State of Florida Chapter 10.650, *Rules of the Auditor General*, and special audit guidance provided by Division of Early Learning. Accordingly, this report is not suitable for any other purpose.

*Moss, Krusick & Associates, LLC*

Winter Park, Florida  
February 25, 2026

**Early Learning Coalition of Southwest Florida, Inc.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**

**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 the Uniform Guidance? | No            |
| 4. Dollar threshold used to distinguish between Type A and Type B programs                            | \$1,101,631   |
| 5. Auditee qualified as low-risk auditee?   | Yes           |

Identifications of major programs:

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

**Early Learning Coalition of Southwest Florida, Inc.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**

**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   | \$750,000     |

Identification of major projects:

<u>Name of State Projects</u>	<u>CSFA Number</u>
Voluntary Pre-Kindergarten	48.108

**Section II - Enhanced Fields System (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 |

**Section III - Financial Statement Findings**

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

**Section IV - Federal Award and State Projects 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**

There were no prior year audit findings.

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**

**Year Ended June 30, 2025**

Grantor/Program Title	ALN CSFA #	Award Number	Expenditures	Transfers to Subrecipient
<b>Federal Awards:</b>				
<b>U.S. Department of Health and Human Services</b>				
<i>Passed through Division of Early Learning</i>				
Child Care and Development Block Grant	93.575	EL155	\$ 20,052,280	\$ 20,000
Child Care and Development Block Grant	93.575	EL156	2,619,853	-
Total Child Care and Development Block Grant			<u>22,672,133</u>	<u>20,000</u>
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	EL155	8,770,240	-
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	EL156	188,576	-
Total Child Care Mandatory and Matching Funds of the Child Care and Development Fund			<u>8,958,816</u>	<u>-</u>
Total Child Care and Development Fund Cluster			<u>31,630,949</u>	<u>20,000</u>
Temporary Assistance for Needy Families	93.558	EL155	5,025,262	-
Temporary Assistance for Needy Families	93.558	EL156	48,053	-
Total Temporary Assistance for Needy Families			<u>5,073,315</u>	<u>-</u>
Social Services Block Grant	93.667	EL155	16,774	-
Total U.S Department of Health and Human Services			<u>36,721,038</u>	<u>20,000</u>
Total Expenditures of Federal Awards			<u>\$ 36,721,038</u>	<u>\$ 20,000</u>
<b>State Financial Assistance:</b>				
<b>State of Florida Department of Education</b>				
<i>Passed through Division of Early Learning</i>				
Voluntary Pre-Kindergarten Education Program	48.108	EL155	\$ 23,650,839	\$ 2,008,866
Voluntary Pre-Kindergarten Education Program	48.108	EL156	117,446	-
Total Voluntary Pre-Kindergarten Education Program			<u>23,768,285</u>	<u>2,008,866</u>
State General Revenue Unrestricted - School Readiness Plus	N/A	2024-25 SGU	14,643	-
State General Revenue Unrestricted - School Readiness Plus	N/A	2025-26 SGU	1,774	-
Total State General Revenue Unrestricted - School Readiness Plus			<u>16,417</u>	<u>-</u>
Total Expenditures of State Financial Assistance			<u>\$ 23,784,702</u>	<u>\$ 2,008,866</u>
Total Expenditures of Federal Awards and State Financial Assistance			<u>\$ 60,505,740</u>	<u>\$ 2,028,866</u>

See independent auditor's report

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

**NOTES TO THE SCHEDULE OF EXPENDITURES FEDERAL AWARDS  
AND STATE FINANCIAL ASSISTANCE**

**June 30, 2025**

**NOTE 1 - 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 Department of Fiscal Services' *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.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, and Chapter 10.650 wherein certain types of expenditures are not allowed or are limited as to reimbursement.

**NOTE 3 - DE MINIMIS INDIRECT COST RATE ELECTION**

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