

**EARLY LEARNING
COALITION OF THE BIG
BEND REGION, INC.**

FINANCIAL STATEMENTS

June 30, 2025 and 2024

EARLY LEARNING COALITION OF THE BIG BEND REGION, INC.

TABLE OF CONTENTS

JUNE 30, 2025

	Page
Independent Auditor's Report	1 – 2
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4 – 5
Statements of Functional Expenses	6 – 7
Statements of Cash Flows	8
Notes to Financial Statements	9 – 16
Supplemental Information	
Schedule of Expenditures of Federal Awards and State Financial Assistance	17
Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance	18
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 <i>Government Auditing Standards</i>	19 – 20
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 Chapter 10.650, Rules of the Auditor General	21 – 22
Schedule of Findings and Questioned Costs	23 – 27
Management Letter	28
Corrective Action Plan	29 – 30



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 the Big Bend Region, Inc.
Tallahassee, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Early Learning Coalition of the Big Bend Region, Inc. (a nonprofit organization) (the "Coalition"), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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 Responsibility for the Audit of the Financial Statements

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

Auditor's Responsibility for the Audit of the Financial Statements (continued)

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

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

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

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*, 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 March 26, 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
March 26, 2026

EARLY LEARNING COALITION OF THE BIG BEND REGION, INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
<u>ASSETS</u>		
Current assets		
Cash and cash equivalents	\$ 3,114,516	\$ 3,150,391
Grants and contracts receivable	2,386,816	3,267,576
Due from providers	304,690	1,003,923
Prepaid expenses	<u>25,960</u>	<u>368,455</u>
Total current assets	5,831,982	7,790,345
Operating right-of-use asset	885,646	1,241,432
Intangible assets, net	26,170	168,541
Property and equipment, net	<u>322</u>	<u>1,430</u>
Total assets	<u><u>\$ 6,744,120</u></u>	<u><u>\$ 9,201,748</u></u>
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities		
Direct child care services payable	\$ 2,594,289	\$ 3,980,951
Due to DEL	893,198	1,544,167
Accounts payable and accrued expenses	183,010	85,420
Deferred revenue	1,950,000	1,894,684
Operating lease liability - current	<u>377,841</u>	<u>685,587</u>
Total current liabilities	5,998,338	8,190,809
Non-current operating lease liability	<u>541,668</u>	<u>588,011</u>
Total liabilities	6,540,006	8,778,820
Net assets		
Without donor restrictions	<u>204,114</u>	<u>422,928</u>
Total net assets	<u>204,114</u>	<u>422,928</u>
Total liabilities and net assets	<u><u>\$ 6,744,120</u></u>	<u><u>\$ 9,201,748</u></u>

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

EARLY LEARNING COALITION OF THE BIG BEND REGION, INC.

STATEMENT OF ACTIVITIES

Year Ended June 30, 2025

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenues			
Grants and contracts	\$ 34,902,998	\$ -	\$ 34,902,998
Local match revenue	78,761	-	78,761
Other	115,161	-	115,161
	<hr/>	<hr/>	<hr/>
Total support and revenues	35,096,920	-	35,096,920
	<hr/>	<hr/>	<hr/>
Expenses:			
Program services			
School Readiness and Related Child Care Services	24,310,434	-	24,310,434
Voluntary Pre-Kindergarten Services	7,294,540	-	7,294,540
Other Child Care Research and Support Programs	1,996,346	-	1,996,346
	<hr/>	<hr/>	<hr/>
Total program expenses	33,601,320	-	33,601,320
General and administration	1,714,414	-	1,714,414
	<hr/>	<hr/>	<hr/>
Total expenses	35,315,734	-	35,315,734
	<hr/>	<hr/>	<hr/>
Decrease in net assets	(218,814)	-	(218,814)
Net assets, beginning of year	422,928	-	422,928
	<hr/>	<hr/>	<hr/>
Net assets, end of year	\$ 204,114	\$ -	\$ 204,114
	<hr/>	<hr/>	<hr/>

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

EARLY LEARNING COALITION OF THE BIG BEND REGION, INC.

STATEMENT OF ACTIVITIES

Year Ended June 30, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenues			
Grants and contracts	\$ 39,184,944	\$ -	\$ 39,184,944
Other	435,142	-	435,142
	<hr/>	<hr/>	<hr/>
Total support and revenues	39,620,086	-	39,620,086
	<hr/>	<hr/>	<hr/>
Expenses:			
Program services			
School Readiness and Related Child Care Services	28,747,297	-	28,747,297
Voluntary Pre-Kindergarten Services	6,359,870	-	6,359,870
Other Child Care Research and Support Programs	2,753,608	-	2,753,608
	<hr/>	<hr/>	<hr/>
Total program expenses	37,860,775	-	37,860,775
General and administration	1,666,646	-	1,666,646
	<hr/>	<hr/>	<hr/>
Total expenses	39,527,421	-	39,527,421
	<hr/>	<hr/>	<hr/>
Increase in net assets	92,665	-	92,665
Net assets, beginning of year	330,263	-	330,263
	<hr/>	<hr/>	<hr/>
Net assets, end of year	\$ 422,928	\$ -	\$ 422,928
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

EARLY LEARNING COALITION OF THE BIG BEND REGION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2025

	School Readiness and Related Child Care Services	Voluntary Pre- Kindergarten Services	Other Child Care Research and Support Programs	Total Program Services	General and Administrative	Total
Salaries and benefits	\$ 1,505,973	\$ 55,066	\$ 289,796	\$ 1,850,835	\$ 1,156,195	\$ 3,007,030
Training and development	21,051	13	1,624	22,688	44,018	66,706
Professional services	6,791	39	-	6,830	37,000	43,830
Contracted services	21,932,414	7,217,910	1,671,187	30,821,511	156,341	30,977,852
Consulting	2,200	-	-	2,200	8,649	10,849
Occupancy	501,575	1,220	6,370	509,165	44,729	553,894
Advertising and public outreach	5,028	-	-	5,028	-	5,028
Supplies and materials	111,738	18,352	27,232	157,322	9,835	167,157
Technology maintenance	123,583	1,922	-	125,505	105,020	230,525
Office furniture and equipment	862	7	19	888	8,297	9,185
Travel	61,475	-	-	61,475	339	61,814
Depreciation	-	-	-	-	1,108	1,108
Amortization	-	-	-	-	142,371	142,371
Printing and postage	1,267	11	118	1,396	417	1,813
Other miscellaneous	36,477	-	-	36,477	95	36,572
Total expenses	\$ 24,310,434	\$ 7,294,540	\$ 1,996,346	\$ 33,601,320	\$ 1,714,414	\$ 35,315,734

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

EARLY LEARNING COALITION OF THE BIG BEND REGION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2024

	School Readiness and Related Child Care Services	Voluntary Pre- Kindergarten Services	Other Child Care Research and Support Programs	Total Program Services	General and Administrative	Total
Salaries and benefits	\$ 1,805,330	\$ 29,559	\$ 355,162	\$ 2,190,051	\$ 1,192,899	\$ 3,382,950
Training and development	28,327	37	1,704	30,068	36,065	66,133
Professional services	10,629	-	-	10,629	70,030	80,659
Contracted services	25,386,877	6,318,798	2,383,064	34,088,739	103,885	34,192,624
Consulting	-	-	-	-	5,151	5,151
Occupancy	509,603	571	7,394	517,568	60,585	578,153
Advertising and public outreach	101,935	-	-	101,935	1,861	103,796
Supplies and materials	726,055	9,954	5,569	741,578	31,330	772,908
Technology maintenance	82,230	936	44	83,210	126,242	209,452
Office furniture and equipment	1,663	2	50	1,715	2,440	4,155
Travel	83,899	-	315	84,214	2,017	86,231
Depreciation	-	-	-	-	4,573	4,573
Amortization	-	-	-	-	27,558	27,558
Printing and postage	10,641	13	306	10,960	1,160	12,120
Other miscellaneous	108	-	-	108	850	958
Total expenses	\$ 28,747,297	\$ 6,359,870	\$ 2,753,608	\$ 37,860,775	\$ 1,666,646	\$ 39,527,421

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

EARLY LEARNING COALITION OF THE BIG BEND REGION, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024
Cash flows from operating activities		
Cash received from grantors and contractors	\$ 34,776,993	\$ 35,967,810
Cash paid to employees and vendors	(35,000,720)	(38,367,993)
Contributions and other receipts	186,155	435,141
Non-cash rent	1,697	11,312
Net cash used in operating activities	(35,875)	(1,953,730)
Cash flows from investing activities		
Purchase of intangible assets	-	(196,099)
Net decrease in cash and cash equivalents	(35,875)	(2,149,829)
Cash and cash equivalents, beginning of year	3,150,391	5,300,220
Cash and cash equivalents, end of year	\$ 3,114,516	\$ 3,150,391
Reconciliation of change in net assets to net cash used in operating activities		
(Decrease) increase in net assets	\$ (218,814)	\$ 92,665
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	1,108	4,573
Amortization	142,371	27,558
Non-cash rent	1,697	11,312
Decrease (increase) in grants and contracts receivable	880,760	(3,099,110)
Decrease (increase) in due from providers	699,233	(48,264)
Decrease (increase) in prepaid expenses	342,495	(348,412)
(Decrease) increase in deferred revenue	55,316	1,150,355
Increase in direct child care services payable	(1,386,662)	352,745
Increase in accounts payable and accrued expenses	97,590	20,873
Decrease in due to DEL	(650,969)	(118,025)
Total adjustments	182,939	(2,046,395)
Net cash used in operating activities	\$ (35,875)	\$ (1,953,730)

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

EARLY LEARNING COALITION OF THE BIG BEND REGION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

(1) Summary of Significant Accounting Policies:

The following is a summary of the more significant accounting policies and practices of Early Learning Coalition of the Big Bend Region, Inc. (the "Coalition") which affect significant elements of the accompanying financial statements:

(a) **Coalition and Purpose**—Early Learning Coalition of the Big Bend Region, Inc. ("the Coalition") was established to prepare preschool children to enter kindergarten ready to learn, as measured by criteria established by the State of Florida. Under Florida Statute, Section 1002.83, the Coalition is required to develop and implement a plan for comprehensive, accessible, affordable, and high-quality early education and childcare services for children, birth to age five, in Leon, Gadsden, Jefferson, Liberty, Madison, Taylor, and Wakulla counties in the State of Florida. The Coalition is primarily supported by grants from the State of Florida passed through from the U.S. Department of Health and Human Services.

During the fiscal year ended June 30, 2025 and 2024, the Coalition operated the following programs:

School Readiness and Related Child Care Services (SR): This program provides financial assistance for childcare costs to families who meet the qualifying guidelines in order to assist children to become better prepared for the education experience or to provide childcare services for economically disadvantaged children or children requiring specific assistance as determined by the State of Florida.

Voluntary Pre-kindergarten Services (VPK): The VPK program is designed to promote in a classroom environment the development of each four-year-old child's physical, social, and emotional maturation. The program outcomes should result in children better prepared to be successful in the formal education process.

Other Child Care Research and Support Programs: These program services include: Leon County childcare tuition assistance program, family literacy programs for low-income families, and technical assistance programs to low performing providers.

The Coalition is governed by its twenty-one-member Board of Directors, of which nine are appointed under criteria established in Florida Statutes, Section 1002.83.

(b) **Property and Equipment**—Property and equipment acquired by the Coalition are considered to be owned by the Coalition. However, funding sources may maintain an equitable interest in the property purchased with grant monies as well as the right to determine the use of any proceeds from the sale of these assets. The Federal government has a reversionary interest in those assets purchased with its funds which have a cost of \$5,000 or more and an estimated useful life of at least one year. The State of Florida has a reversionary interest in those assets purchased with its funds which have a cost of \$1,000 or more and an estimated useful life of at least one year.

Property and equipment with a value greater than \$5,000 and an estimated useful life of at least one year are recorded at cost when purchased or at estimated fair value when contributed. Depreciation is computed using the straight-line method over the estimated useful life of the assets, ranging from five to thirty-nine years. Repairs and maintenance, which are not considered improvements and do not extend the useful life of the property and equipment, are expensed as incurred.

(c) **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 THE BIG BEND REGION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

(1) Summary of Significant Accounting Policies: (continued)

(d) **Income Taxes**—The Coalition is generally exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes has been made in the accompanying financial statements. The Coalition files income tax returns in the U.S. Federal jurisdiction. The Coalition's income tax returns for the past three years are subject to examination by taxing authorities and may change upon examination.

The Coalition has reviewed and evaluated the relevant technical merits of each of its tax positions in accordance with accounting principles generally accepted in the United States of America for accounting for uncertainty in income taxes and determined that there are no uncertain tax positions that would have a material impact on the financial statements.

(e) **Cash and Cash Equivalents**—For the purpose of reporting cash flows, cash and cash equivalents include cash on hand, amounts in demand deposits and short-term investments with original maturities of 90 days or less. Deposits with financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor. Bank deposits at times may exceed federally insured limits. The Coalition has not experienced any losses in such accounts.

The Coalition has a zero-balance account (ZBA) agreement with the financial institution in which funds are maintained in an interest bearing account and are transferred into the demand deposit accounts as needed. Interest earned on the funds in the ZBA account was less than 1% at June 30, 2025 and 2024.

(f) **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.

(g) **Basis of Accounting**—The financial statements have been prepared on the accrual basis of accounting, and accordingly, reflect all significant receivables, payables, and other liabilities.

(h) **Basis of Presentation**—Under accounting principles generally accepted in the United States of America, the Coalition is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

(i) **Net Assets**—Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity. All other donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Contributions that are restricted by the donor are reported as an increase in assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized.

EARLY LEARNING COALITION OF THE BIG BEND REGION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

(1) Summary of Significant Accounting Policies: (continued)

(j) **Functional Allocation of Expenses**—The costs of providing the various services and other activities have been summarized on a functional basis in the Statements of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

(k) **Accrued Leave**—The Coalition compensates its eligible employees for unused vacation leave upon termination of employment. Vacation leave is accrued as earned by eligible employees and recorded as an expense in the period earned.

(l) **Advertising**—Advertising costs are charged to operations as incurred. For those years ended June 30, 2025 and 2024, \$5,028 and \$103,796 was incurred, respectively.

(m) **Grants and Contracts Receivable**—Grants and contracts receivable are stated at the amount management expects to collect from balances outstanding at year-end. Based on management's assessment of the history with grantors and contractors having outstanding balances and current relationships with them. An allowance for uncollectible grant receivables has not been recorded as all amounts are deemed by management to be collectible.

(n) **Deferred Revenue**—The Coalition records grant/contract receipts as deferred revenue until it is expended for the purpose of the grant/contract, at which time it is recognized as revenue.

(o) **Revenue Recognition**—The Coalition receives all of its grant and contract revenue from Federal, State and local agencies. The Coalition recognizes grant/contract revenue (up to the contract ceiling) from its grants/contracts over a period which represents the service period for certain grants/contracts, or to the extent of expenses. Revenue recognition depends on the grant/contract.

In May 2014, the Financial Accounting Standards board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (ASC 606), which prescribes a single, common revenue standard to replace most existing revenue recognition guidance, including most industry-specific requirements. The standard outlines a five-step model whereby revenue is recognized as performance obligations within a contract are satisfied.

In June 2018, the FASB issued ASU No. 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASC 958), which clarified how transactions should be accounted for as contributions (nonreciprocal transactions) or exchange transactions and whether a contribution is conditional.

The Coalition adopted ASC 606 and ASC 958 and all related amendments effective July 1, 2019. The adoption had no significant impact on the Coalition's financial statements.

(p) **Leases**—The Coalition follows FASB ASC 842, *Leases*, to account for its leases. ASC 842 establishes a right of use ("ROU") model that requires a lessee to record a ROU asset and lease liability on the statement of financial position for all leases with terms longer than 12 months. Leases with a term of less than 12 months ("short term leases") will not record a ROU asset and lease liability and the payments will be recognized on a straight-line basis over the lease term.

EARLY LEARNING COALITION OF THE BIG BEND REGION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

(2) Significant Funding Sources:

The Coalition and its related programs receive substantial support from federal and state governments. If a significant reduction in the level of this support occurs, it may have an effect on the Coalition's programs and activities. For the year ended June 30, 2025, 81% of the Coalition's revenues and support was from the Federal government passed through the Division of Early Learning (DEL). In addition, for the year ended June 30, 2025, 19% of the Coalition's revenues and support were from DEL through state financial assistance and matching funds. Revenue and support from the Federal government passed through DEL was 83% for the year ended June 30, 2024 and 17% from state financial assistance and matching funds for the year ended June 30, 2024.

(3) Concentrations of Credit Risk:

The more significant concentrations of credit risk are as follows:

(a) **Demand Deposits**—The Coalition maintains demand deposits with one bank. The Coalition has no policy requiring collateral, although all demand deposits with the bank are Federally insured up to FDIC limits.

(b) **Grants and Contracts Receivable**—The Coalition's grants and contracts receivable are for amounts due under grants/contracts with the State of Florida and Federal government agencies. The Coalition has no policy requiring collateral or other security to support its grants and contracts receivable.

(c) **Unconditional Promises to Give**—Financial instruments that potentially subject the Coalition to concentrations of credit risk include unconditional promises to give. The unconditional promises to give are from donors.

(4) Retirement Plan:

The Coalition participates in a voluntary deferred profit sharing plan 401(k) for its employees. Employees are eligible for participation in the plan three months following their date of employment. Employees become eligible for employer contributions to the plan after one year (designated in the plan as 800 hours) of employment. Contributions by the Coalition to the plan are based on a percentage of employee salaries and vest 100% to employees after two years of plan participation. Expenses under this plan were \$85,532 and \$86,102 during the year ended June 30, 2025 and 2024, respectively.

(5) Property and Equipment:

The following is a summary of property and equipment at June 30, 2025 and 2024:

	2025	2024
Office furniture	\$ 26,148	\$ 26,148
Office and computer equipment	128,506	128,506
Software and licenses	104,337	104,337
	258,991	258,991
Less: Accumulated depreciation	(258,669)	(257,561)
Total	\$ 322	\$ 1,430

EARLY LEARNING COALITION OF THE BIG BEND REGION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

(6) Recently issued accounting pronouncements:

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

(7) Operating Leases:

The Coalition leases its office spaces under operating leases. These leases are the only leases required to be included on the statement of financial position under FASB ASU 2016-02. The Coalition has elected to apply the short-term lease exception to all leases with a term of one year or less. As of June 30, 2025, the Coalition had 4 short-term leases. As of June 30, 2025, the right-of-use (ROU) asset had a balance of \$885,646, as shown in the statement of financial position; the lease liability is included in current liabilities (\$377,841) and long-term liabilities (\$541,668). The lease asset and liability were calculated utilizing the risk-free weighted-average discount rate (3.79%), according to the Coalition’s elected policy.

Additional information about the Coalition’s leases for 2025 are as follows:

Lease cost (included in occupancy):

Operating lease cost	\$ 398,066
----------------------	------------

Total lease cost	\$ 398,066
------------------	------------

Other information:

Cash paid for amounts included in measuring operating lease liability:

Operating cash flows from operating lease	\$ 396,369
---	------------

Total cash paid for amounts included in measuring operating lease liability	\$ 396,369
---	------------

Weighted-average remaining lease terms (years)	2.33
--	------

Weighted-average discount rate	3.79%
--------------------------------	-------

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

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

	2026	\$ 406,266
	2027	416,455
	2028	139,961
	Total lease payments	962,682
	Less: interest	(43,173)
	Present value of lease liability	\$ 919,509

EARLY LEARNING COALITION OF THE BIG BEND REGION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

(8) Matching Requirements:

The Coalition's funding grant from the State of Florida includes a provision requiring a local match for the direct childcare service program operated in its seven county regions. Except for Leon County, Florida, the Coalition can request annual waivers of the match requirement for the remaining six rural counties served that demonstrate significant hardship in meeting the match requirement.

(9) Contributed Non-Financial Assets:

The Coalition follows ASU 2020-07, *Not-for-Profit Entities* (Topic 958): *Presentation and Disclosures by Not-for-Profit Entities for Contributed Non-financial Assets*, which requires the monitoring and tracking of gifts in kind by asset category, while also noting any donor-imposed restrictions.

Consulting and other non-cash donations are recorded at their estimated fair value at the date of donation. In the absence of donor-imposed stipulations regarding how long the contributed assets must be used, the Coalition has adopted a policy of not implying a time restriction on contributions of such assets. There were no such donations for the years ended June 30, 2025 and 2024, respectively.

Many individuals volunteer their time and perform a variety of tasks that assist the Coalition with specific childcare service programs. The Coalition tracks their time and then estimates the value of these donated services, which are not reflected in the financial statements, as they do not meet the recognition criteria pursuant to professional standards.

(10) Contingencies:

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal government and the State of Florida. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Coalition expects such amounts, if any, to be immaterial.

During 2025, the Coalition settled three legal matters which were handled by the Coalition's insurance provider. As of June 30, 2025, no amounts have been recognized in the financial statements for legal matters as damages if any, were not estimable. In addition, the remaining case is still in discovery stage and management believes if potential claim amounts, if any, would be fully covered under the Coalition's insurance policy.

(11) Related Party Transactions:

The Coalition has certain board members who are also providers of VPK and SR services. The Coalition paid these vendors \$51,755 and \$513,039 for the years ended June 30, 2025 and 2024, respectively. All payments were in the normal course of business. At June 30, 2025 and 2024, \$5,234 and \$25,030 was due to related parties, respectively.

(12) Net Assets with Donor Restrictions:

At June 30, 2025 and 2024, there were no net assets with donor restrictions.

EARLY LEARNING COALITION OF THE BIG BEND REGION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

(13) Liquidity and Availability:

The Coalition strives to maintain liquid financial assets sufficient to cover general expenditures. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	2025	2024
Cash and cash equivalents	\$ 3,114,516	\$ 3,150,391
Grants and contracts receivable	2,386,816	3,267,576
Total	\$ 5,501,332	\$ 6,417,967

(14) Intangibles:

Intangible assets of \$26,170 presented on the statement of financial position at June 30, 2025 consist of the following:

Amortized intangible asset	Remaining Term	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Teaching Strategies software subscription	12 Months	\$ 34,966	\$ (17,484)	\$ 17,482
Teaching Strategies software subscription	6 Months	34,770	(26,082)	8,688
Total		\$ 69,736	\$ (43,566)	\$ 26,170

Amortization expense for the years ended June 30, 2025 and 2024, totaled \$142,371 and \$27,558, respectively.

Estimated amortization expense over the remaining terms of the intangible assets are as follows: 2026 - \$26,170.

During the year ended June 30, 2024, with approval from DEL the Coalition purchased software subscriptions through MarcoPolo and Teaching Strategies 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.

EARLY LEARNING COALITION OF THE BIG BEND REGION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

(15) Reconciliation to DEL Confirmed Revenue to Statement of Activities Balances:

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

Total Expenditures of Federal Awards and State Financial Assistance	\$ 34,902,998
Refunds and adjustments due to DEL	<u>(54,681)</u>
Statement of activities and change in net assets - Federal awards and state financial assistance	<u>\$ 34,848,317</u>

(16) Subsequent Events:

The Coalition has evaluated events and transactions for potential recognition or disclosure in the financial statements through March 26, 2026, the date which the financial statements were available to be issued.