

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

**Financial Statements
and Supplemental
Information**

**Years Ended
June 30, 2025 and 2024**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Santa Rosa County School Readiness Coalition, Inc.
Milton, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Santa Rosa County School Readiness Coalition, Inc. d/b/a Early Learning Coalition of Santa Rosa County (a nonprofit organization), which comprise the statement of financial position as of June 30, 2025, 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 Santa Rosa County School Readiness Coalition, Inc. as of June 30, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

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 Santa Rosa County School Readiness Coalition, Inc.'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.

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

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Santa Rosa County School Readiness Coalition, Inc.'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 Santa Rosa County School Readiness Coalition, Inc.'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.

Report on Summarized Comparative Information

We have previously audited Santa Rosa County School Readiness Coalition, Inc.'s financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 12, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 3, 2026, on our consideration of Santa Rosa County School Readiness Coalition, Inc.'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 Santa Rosa County School Readiness Coalition, Inc.'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 Santa Rosa County School Readiness Coalition, Inc.'s internal control over financial reporting and compliance.

Moss, Krusick & Associates, LLC

Winter Park, Florida
February 3, 2026

**Santa Rosa County School Readiness Coalition, Inc.
d/b/a Early Learning Coalition of Santa Rosa County**

STATEMENTS OF FINANCIAL POSITION

June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 718,638	\$ 576,325
Grants receivable	458,193	609,872
Prepaid expenses	61,316	22,118
	<hr/>	<hr/>
Total current assets	1,238,147	1,208,315
Operating right-of-use asset	258,781	92,697
Intangible asset	12,627	80,233
Other assets	6,168	6,883
	<hr/>	<hr/>
Total assets	<u>\$ 1,515,723</u>	<u>\$ 1,388,128</u>
 LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 6,656	\$ 542,528
Due to service providers	960,826	415,332
Accrued liabilities	106,026	90,558
Deferred revenue	9,839	9,839
Operating lease liability	85,445	86,719
	<hr/>	<hr/>
Total current liabilities	1,168,792	1,144,976
Non-current operating lease liability	173,465	10,917
	<hr/>	<hr/>
Total liabilities	1,342,257	1,155,893
Net assets		
Without donor restrictions	173,466	232,235
	<hr/>	<hr/>
Total liabilities and net assets	<u>\$ 1,515,723</u>	<u>\$ 1,388,128</u>

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

**Santa Rosa County School Readiness Coalition, Inc.
d/b/a Early Learning Coalition of Santa Rosa County**

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

Years Ended June 30, 2025 and 2024

	2025	2024
PUBLIC SUPPORT AND REVENUE		
Federal awards	\$ 6,180,177	\$ 8,673,250
State financial assistance	3,208,907	3,131,567
Local match	46,800	46,800
Other income	34,705	16,789
Contributed non-financial assets	3,500	3,500
Total public support and revenue	9,474,089	11,871,906
EXPENSES		
Program services:		
School readiness	5,954,577	5,077,835
School readiness plus	9,321	-
American rescue plan act	67,606	3,318,703
Voluntary pre-kindergarten	3,062,174	3,037,272
Other	31,476	4,900
Total program services	9,125,154	11,438,710
Supporting services:		
Administrative and general	407,704	336,033
Total expenses	9,532,858	11,774,743
Changes in net assets	(58,769)	97,163
Net assets, beginning of year	232,235	135,072
Net assets, end of year	\$ 173,466	\$ 232,235

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

**Santa Rosa County School Readiness Coalition, Inc.
d/b/a Early Learning Coalition of Santa Rosa County**

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2025

(with summarized financial information for the year ended June 30, 2024)

	2025						2024	
	<u>School Readiness</u>	<u>School Readiness Plus</u>	<u>American Rescue Plan Act</u>	<u>Voluntary Pre- Kindergarten</u>	<u>Other</u>	<u>Administrative and General</u>	<u>Total Expenses</u>	<u>Total Expenses</u>
Contract services	\$ 5,195,468	\$ 9,321	\$ -	\$ 3,037,727	\$ 20,880	\$ -	\$ 8,263,396	\$ 7,869,919
Salaries	599,465	-	-	23,451	375	294,701	917,992	909,829
Rent and utilities	71,016	-	-	-	99	37,162	108,277	108,246
Amortization	-	-	67,606	-	-	-	67,606	12,930
Professional and technical	10,085	-	-	-	69	38,179	48,333	45,692
Travel	16,567	-	-	996	361	7,996	25,920	18,850
Materials and supplies	22,620	-	-	-	18	-	22,638	2,665,068
Communications	14,015	-	-	-	16	7,747	21,778	21,059
Furniture and equipment	10,070	-	-	-	26	6,399	16,495	29,662
Miscellaneous	1,114	-	-	-	9,518	4,089	14,721	22,564
Dues and subscriptions	7,933	-	-	-	108	1,733	9,774	4,037
Insurance and bond premiums	2,117	-	-	-	2	4,426	6,545	6,213
Repairs and maintenance	2,431	-	-	-	4	1,306	3,741	4,243
Non-financial expenses	-	-	-	-	-	3,500	3,500	3,500
Training and education	1,630	-	-	-	-	466	2,096	11,035
Advertising	46	-	-	-	-	-	46	41,896
Total expenses	\$ 5,954,577	\$ 9,321	\$ 67,606	\$ 3,062,174	\$ 31,476	\$ 407,704	\$ 9,532,858	\$ 11,774,743

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

**Santa Rosa County School Readiness Coalition, Inc.
d/b/a Early Learning Coalition of Santa Rosa County**

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2025 and 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ (58,769)	\$ 97,163
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Non-cash rent	(4,810)	(3,891)
Amortization	67,606	12,930
Decrease (increase) in assets:		
Grants receivable	151,679	(497,781)
Prepaid expenses	(39,198)	(37)
Other assets	715	-
Increase (decrease) in liabilities:		
Accounts payable	(535,872)	151,534
Due to service providers	545,494	30,954
Accrued liabilities	15,468	20,190
	<u>142,313</u>	<u>(188,938)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of intangible assets	-	(93,163)
	<u>-</u>	<u>(93,163)</u>
Net cash (used in) investing activities		
	<u>-</u>	<u>(93,163)</u>
Net increase (decrease) in cash and cash equivalents	142,313	(282,101)
Cash and cash equivalents at beginning of year	576,325	858,426
	<u>576,325</u>	<u>858,426</u>
Cash and cash equivalents at end of year	<u>\$ 718,638</u>	<u>\$ 576,325</u>
	<u>\$ 718,638</u>	<u>\$ 576,325</u>
SIGNIFICANT NON-CASH TRANSACTIONS - LEASE ACCOUNTING		
Operating right-of-use asset	\$ 250,033	\$ -
Operating right-of-use liability	(250,033)	-
	<u>(250,033)</u>	<u>-</u>
	<u>(250,033)</u>	<u>-</u>

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

**Santa Rosa County School Readiness Coalition, Inc.
d/b/a Early Learning Coalition of Santa Rosa County**

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE A – NATURE OF ORGANIZATION

The Santa Rosa County School Readiness Coalition, Inc., d/b/a Early Learning Coalition of Santa Rosa County (the “Coalition”), is a not-for-profit organization incorporated in the State of Florida in 1999 as a result of the implementation of the School Readiness Act, Chapter 411 Florida Statutes. Its primary purpose is to provide a program to prepare pre-school children in Santa Rosa County, Florida to enter kindergarten ready to learn. The Coalition is required to implement a comprehensive program of readiness services that enhance the cognitive, social, and physical development of children to achieve performance standards and outcome measures specified by the State.

The majority of the revenues are received from federal and state sources through State of Florida’s Division of Early Learning (“DEL”). Other revenues are through local sources.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Basis of 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. 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 (“Board”) and/or management for general operating purposes. From time to time the Board designates a portion of these net assets for specific purposes which makes them unavailable for use at management’s discretion.

Net Assets With Donor Restrictions

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

The Coalition reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the statements of activities and changes 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. As of June 30, 2025 and 2024 there were no net assets with donor restrictions.

**Santa Rosa County School Readiness Coalition, Inc.
d/b/a Early Learning Coalition of Santa Rosa County**

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2. Comparative information

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

3. Cash and cash equivalents

For purposes of the statements of cash flows, the Coalition considers all unrestricted, checking, saving, and money market accounts and all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

4. Functional allocation of expenses

The cost of program and supporting services activities have been summarized on a functional basis in the statements of activities and changes in net assets. The statement of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Administration and General: 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 oversight of an executive director; to secure the proper administrative functioning of the Board; and to manage the financial and budgetary responsibilities of the Coalition.

Programs Services: The following programs are included in the accompanying financial statements:

School Readiness – This program provides for early education and care for children of families with limited incomes and enables parents to gain and/or sustain their economic self-sufficiency through maintenance of employment or participation in job skill/vocational training leading to employment. The program provides for the needs of children from low income families that are working, children from families that are transitioning from welfare to self-sufficiency, and children that are under protective supervision or in foster care placement. Program participants have access to health, developmental, educational screenings and other support services. Caregivers are held accountable for providing safe learning environments that nurture and cultivate the child's cognitive, language, motor, social, and self-help skills. All services are provided in accordance with the Santa Rosa County School Readiness Plan and state and federal laws and regulations.

**Santa Rosa County School Readiness Coalition, Inc.
d/b/a Early Learning Coalition of Santa Rosa County**

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4. Functional allocation of expenses (continued)

School Readiness Plus – Program provides a temporary childcare subsidy to families who are transitioning off the standard School Readiness (SR) program due to increased income.

American Rescue Plan Act – Program provides direct assistance to eligible childcare providers to support their financial stability and offset unexpected costs associated with the COVID-19 pandemic.

Voluntary Pre-Kindergarten – This program consists of state mandated dollars used to support a voluntary pre-kindergarten program for all four-year-old children. Funding is based on a base student allocation per full-time equivalent student in the Voluntary Pre-Kindergarten Education program and is determined at the state level.

5. Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

6. Grants receivable

Grants receivable consists of grants due from federal and state governmental agencies and are recorded when services are provided. The grants receivable as of June 30, 2025 and 2024 are due in less than one year and management believes they are fully collectible.

7. 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 Federal Deposit Insurance Corporation insured, which provide coverage on balances up to \$250,000 per depositor per institution.

The Coalition maintains its cash in bank deposit accounts 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. The Coalition acknowledges that balances over the insured amount are subject to risk.

8. Revenue recognition

The Coalition follows Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (ASC 606), which outlines a five-step model whereby revenue is recognized as performance obligations within a contract are satisfied, and ASU 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASC 958-605), which clarifies how transactions should be accounted for

**Santa Rosa County School Readiness Coalition, Inc.
d/b/a Early Learning Coalition of Santa Rosa County**

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

8. Revenue recognition (continued)

as contributions (nonreciprocal transactions) or exchange transactions and whether a contribution is conditional.

Revenue from government grants is recorded when earned, which is generally when the allowable costs of the specific grant provisions have been incurred or the performance of services rendered. Such revenue is subject to audit by the grantor and, if the examination results in a deficiency of allowable expenses, the 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 and 2024. These amounts are reflected as revenue without donor restrictions 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.

9. Property and equipment

The Coalition's policy is to capitalize property and equipment with a cost in excess of \$5,000 and a useful life greater than one year. Depreciation is provided on a straight-line basis over the estimated useful life of five 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 therefore is subject to applicable regulations. As of June 30, 2025 and 2024, the Coalition did not have any property and equipment and did not report any depreciation expense.

10. 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.

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 no accruals for tax liabilities are necessary. Therefore, no reserves for uncertain income tax positions have been recorded.

**Santa Rosa County School Readiness Coalition, Inc.
d/b/a Early Learning Coalition of Santa Rosa County**

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

12. 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.

Practical expedients and policy elections are available under the guidance, which was effective July 1, 2022. The Coalition elected the package of practical expedients permitted under the transition guidance, which among other things, did not require reassessment of whether contracts entered into prior to adoption are or contain a lease, and allowed carry forward of the historical lease classification for existing leases.

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 ROU asset and lease liabilities based on the present value of lease payments over the lease term at the commencement date of the lease (or July 1, 2022 for existing leases upon the adoption of Topic 842). 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.

Future lease payments may include fixed rent escalation clauses or payments that depend on an index (such as the consumer price index).

The Coalition's leases include a non-lease component representing additional services transferred to the Coalition, such as common area maintenance for real estate. 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.

13. Contributed non-financial assets

Donated services, materials, and facilities that are measurable are recorded as support at their fair market values at the date of receipt by the Coalition. A corresponding amount is recorded as expense or property and equipment. Donated services totaled \$3,500 for the years ended June 30, 2025 and 2024.

**Santa Rosa County School Readiness Coalition, Inc.
d/b/a Early Learning Coalition of Santa Rosa County**

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

14. Advertising

Advertising costs are charged to expense as incurred. For the years ended June 30, 2025 and 2024, advertising expense was \$46 and \$41,896, respectively.

15. Implemented accounting pronouncements

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

16. Subsequent events

Management has evaluated the effect subsequent events would have on the financial statements through the date of these financial statements were available to be issued on February 3, 2026.

NOTE C – CONCENTRATIONS

1. Economic dependency

The Coalition received substantially all of its revenue from federal and state contracts during the years ended June 30, 2025 and 2024. The continuance of state and federal funding is subject to annual legislative budgetary review.

2. Concentration of credit risk

The activities of the Coalition are conducted in Santa Rosa County, Florida and are supported by funding provided by government agencies. Expenditures incurred by the Coalition associated with the execution of various grants are subject to audit and possible disallowance by the grantor agency. The Coalition would be held responsible for recovery (reimbursement to the grantor agency) of disallowed amounts. Management believes that if audited, any adjustment for disallowed expenses would be immaterial in amount.

**Santa Rosa County School Readiness Coalition, Inc.
d/b/a Early Learning Coalition of Santa Rosa County**

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE D – RETIREMENT PLAN

The Coalition established on August 1, 2009, a tax deferred retirement plan effective for all qualifying employees. All regular full time employees are eligible to participate in the plan. The plan includes a 401(k) match fund for participating employees in an amount at the discretion of the Coalition and are determined on an annual basis. Matching contributions vest over a 6-year period. Matching contributions for the plan for the years ended June 30, 2025 and 2024 was \$22,676 and \$15,525, respectively.

NOTE E – COMMITMENTS AND CONTINGENCIES

1. On June 30, 2025, the Coalition entered into a funding agreement with DEL for the fiscal year ending June 30, 2026. DEL awarded the Coalition \$7,202,542 to be expended for school readiness programs and services as described in the Coalition's School Readiness Plan. The Coalition's School Readiness Plan provides for a comprehensive program of readiness services that enhance the cognitive, social, physical development of children to achieve the performance standards and outcome measures as specified by DEL. DEL also awarded the Coalition \$3,254,003 for the Voluntary Pre-Kindergarten program.
2. 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 Topic 842.

As of June 30, 2025 and 2024, the right-of-use (ROU) asset had a balance of \$258,781 and \$92,697, respectively, as shown in the statements of financial position; the lease liability is included in current liabilities (\$85,445) and (\$86,719) and long-term liabilities (\$173,465) and (\$10,917), respectively. The lease asset and liability were calculated utilizing the risk-free weighted-average discount rate (5.63% and 4.46%, respectively), according to the Coalition's elected policy.

**Santa Rosa County School Readiness Coalition, Inc.
d/b/a Early Learning Coalition of Santa Rosa County**

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE E – COMMITMENTS AND CONTINGENCIES (continued)

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

<u>Lease cost (included in rent):</u>	
Operating lease cost	<u>\$ 87,195</u>
Total lease cost	<u>\$ 87,195</u>
<u>Other information:</u>	
Cash paid for amounts included in measuring operating lease liability:	
Operating cash flows from operating lease	<u>\$ 92,005</u>
Total cash paid for amounts included in measuring operating lease liability	<u>\$ 92,005</u>
Weighted-average remaining lease terms (years)	2.82
Weighted-average discount rate	5.36%
Maturities of operating lease liabilities as of June 30 are as follows:	
2026	\$ 95,635
2027	96,718
2028	75,295
2029	<u>12,600</u>
Total lease payments	280,248
Less: interest	<u>(21,338)</u>
Present value of lease liability	<u>\$ 258,910</u>

NOTE F – FUNCTIONAL EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include rent and utilities, and repairs and maintenance, which are allocated on a square footage basis, as well as salaries, professional and technical, and training and education, which are allocated on the basis of estimates of time and effort.

**Santa Rosa County School Readiness Coalition, Inc.
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NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE G – LIQUIDITY AND AVAILABILITY OF RESOURCES

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

	2025	2024
Cash and cash equivalents	\$ 718,638	\$ 576,325
Grants receivable	458,193	609,872
Total financial assets available within one year	\$ 1,176,831	\$ 1,186,197

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 99% of its funding from federal and state grants passed through DEL for the years ended June 30, 2025 and 2024, which are on a reimbursable basis. Throughout the year, the Coalition receives advances and reimbursements each month to cover incurred expenses.

NOTE H – INTANGIBLE ASSETS

Intangible assets of \$12,627 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	11 Months	\$ 34,438	\$ (21,811)	\$ 12,627
Total		\$ 34,438	\$ (21,811)	\$ 12,627

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

Years ending June 30:	
2026	\$ 12,627
	\$ 12,627

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

**Santa Rosa County School Readiness Coalition, Inc.
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NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE I – 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	\$ 9,391,148
Refunds and adjustments due to DEL	<u>(2,064)</u>
Statement of activities and change in net assets - Federal awards and state financial assistance	<u><u>\$ 9,389,084</u></u>