

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

**Financial Statements
and Supplemental
Information**

June 30, 2024

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1-2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Activities and Changes in Net Assets	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7-15
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 <i>Government Auditing Standards</i>	16-17
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, <i>Rules of the Auditor General</i>	18-20
Schedule of Findings and Questioned Costs Federal Awards and State Financial Assistance	21-24
Schedule of Expenditures of Federal Awards and State Financial Assistance	25
Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance	26



INDEPENDENT AUDITOR'S REPORT

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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 Early Learning Coalition of Southwest Florida, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, 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 Early Learning Coalition of Southwest Florida, Inc. as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events considered in the aggregate, that raise substantial doubt about Early Learning Coalition of Southwest Florida, 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. 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 Early Learning Coalition of Southwest Florida, 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 Early Learning Coalition of Southwest Florida, 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*, 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, 2025 on our consideration of Early Learning Coalition of Southwest Florida, 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 Early Learning Coalition of Southwest Florida, 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 Early Learning Coalition of Southwest Florida, Inc.'s internal control over financial reporting and compliance.

Moss, Krusick & Associates, LLC

Winter Park, Florida
March 26, 2025

Early Learning Coalition of Southwest Florida, Inc.

STATEMENT OF FINANCIAL POSITION

June 30, 2024

ASSETS

Assets	
Cash and cash equivalents	\$ 6,584,264
Contracts and grants receivable	538,255
Prepaid expenses	35,183
Security deposit	28,660
Property and equipment, net	28,661
Intangible assets, net	816,817
Operating lease right-of-use asset	<u>310,062</u>
Total assets	<u><u>\$ 8,341,902</u></u>

LIABILITIES AND NET ASSETS

Liabilities	
Accounts payable:	
Division of Early Learning	\$ 3,056,868
Providers	3,208,140
Accrued payroll and benefits	226,990
Operating lease liability	<u>287,509</u>
Total liabilities	<u>6,779,507</u>
Net assets	
Without donor restrictions	<u>1,562,395</u>
Total net assets	<u>1,562,395</u>
Total liabilities and net assets	<u><u>\$ 8,341,902</u></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, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE			
Division of Early Learning	\$ 73,216,008	\$ -	\$ 73,216,008
Local match	767,290	-	767,290
Other revenue	28,396	-	28,396
Net assets released from restrictions	82,714	(82,714)	-
Total revenue	74,094,408	(82,714)	74,011,694
EXPENSES			
Program services	70,148,916	-	70,148,916
Other programs	220,505	-	220,505
Supporting services	2,369,495	-	2,369,495
Total expenses	72,738,916	-	72,738,916
Changes in net assets from operations before nonoperating loss	1,355,492	(82,714)	1,272,778
Nonoperating loss on disposal of property and equipment	(12,499)	-	(12,499)
Changes in net assets	1,342,993	(82,714)	1,260,279
NET ASSETS - BEGINNING OF YEAR	219,402	82,714	302,116
NET ASSETS - END OF YEAR	\$ 1,562,395	\$ -	\$ 1,562,395

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, 2024

	Functional Category			
	School Readiness/ Voluntary Pre- Kindergarten	Other Programs	Administration	Total
Child care payments	\$ 60,447,859	\$ 126,240	\$ -	\$ 60,574,099
Salaries and benefits	2,590,408	59,258	1,641,707	4,291,373
Program consultants and supplies	2,050,007	-	96,602	2,146,609
Pass-through payments to sub-recipient	1,937,026	-	53,466	1,990,492
Outreach and advertising	1,662,791	-	11	1,662,802
Shared costs	429,159	-	471,240	900,399
Match	737,615	15,450	-	753,065
Depreciation and amortization	144,381	-	1,814	146,195
Office expenses	58,969	-	21,350	80,319
Utilities and telephone	42,652	-	24,996	67,648
Other expenses	9,248	19,557	15,036	43,841
Travel expense	22,091	-	21,041	43,132
Contract services	16,005	-	16,605	32,610
Meetings and conferences	705	-	5,627	6,332
Total expenses	<u>\$ 70,148,916</u>	<u>\$ 220,505</u>	<u>\$ 2,369,495</u>	<u>\$ 72,738,916</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, 2024

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 1,260,279
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	146,195
Bad debt	75
Non-cash rent	(906)
Loss on disposal of property and equipment	12,499
(Increase) decrease in assets:	
Contracts and grants receivable	3,316,820
Prepaid expenses	25,965
Increase (decrease) in liabilities:	
Accounts payable	942,848
Accrued payroll and benefits	(5,590)
Deferred revenue	<u>(508,736)</u>
Net cash provided by operating activities	<u>5,189,449</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of intangible assets	<u>(958,980)</u>
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Net increase in cash and cash equivalents	4,230,469
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CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>2,353,795</u>
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CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 6,584,264</u></u>
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The accompanying notes are an integral part of these financial statements.

Early Learning Coalition of Southwest Florida, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

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, 2024

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.

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, 2024.

Early Learning Coalition of Southwest Florida, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

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 represents grant revenues collected but not yet earned as of June 30, 2024. 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, 2024 are due in less than one year and management believes all receivables are fully collectible. During 2024, bad debt expense totaled \$75.

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, 2024

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.

Practical expedients and policy elections are available under the guidance, which was effective at adoption. The Coalition elected the package of practical expedients permitted under the transition guidance which 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 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 (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.

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.

Early Learning Coalition of Southwest Florida, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

11. Income taxes (continued)

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, 2022 through June 30, 2024.

12. Recently adopted 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 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.

13. 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 March 26, 2025.

NOTE C - RELATED PARTY TRANSACTIONS

Certain voting members of the Board are required by the "School Readiness Act" and s. 1002.83, F.S. to be board members. Board members include representatives from private and public sector industries and Florida State Governor appointed positions.

During the year ended June 30, 2024, there were no payments to related parties and no amounts due.

NOTE D - PROPERTY AND EQUIPMENT

Property and equipment and accumulated depreciation at June 30, 2024 are summarized as follows:

Furniture and fixtures	\$ 61,577
Less: accumulated depreciation	<u>(32,916)</u>
Property and equipment, net	<u>\$ 28,661</u>

Depreciation expense for the year ended June 30, 2024 was \$4,032.

Early Learning Coalition of Southwest Florida, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

NOTE E - INTANGIBLE ASSETS

Intangible assets presented on the statement of financial position at June 30, 2024, 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	32 months	\$ 318,000	\$ (35,333)	\$ 282,667
MarcoPolo Education Software	30 months	450,000	(75,000)	375,000
Procure Essentials Online #1	30 months	95,472	(15,912)	79,560
Procure Essentials Online #2	30 months	95,508	(15,918)	79,590
		<u>\$ 958,980</u>	<u>\$ (142,163)</u>	<u>\$ 816,817</u>

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

Years ending June 30:

2025	\$ 319,660
2026	319,660
2027	<u>177,497</u>
	<u>\$ 816,817</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 - NET ASSETS

Net assets with donor-imposed restrictions for the year ended June 30, 2024, are summarized as follows:

	<u>June 30, 2023</u>	<u>2024</u>		<u>June 30, 2024</u>
		<u>Proceeds</u>	<u>Released</u>	
United Way	\$ 82,714	\$ -	\$ (82,714)	\$ -
	<u>\$ 82,714</u>	<u>\$ -</u>	<u>\$ (82,714)</u>	<u>\$ -</u>

Early Learning Coalition of Southwest Florida, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

NOTE G - 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. Operating leases

The Coalition leases space under various non-cancelable operating lease agreements. 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, 2024, the right-of-use (ROU) asset had a balance of \$310,062 (including \$30,969 of prepaid rent), as shown in the statement of financial position; the lease liability is included in liabilities (\$287,509). The lease asset and liability were calculated utilizing the weighted-average risk-free discount rate (4.463%), according to the Coalition's elected policy.

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

Lease costs (included in shared costs):

Operating lease cost	\$ 350,240
Total lease cost	<u>\$ 350,240</u>

Other information:

Cash paid for amounts included in measuring operating lease liability:

Operating cash flows from operating lease	\$ 351,146
Total cash paid for amounts included in measuring operating lease liability	<u>\$ 351,146</u>
Weighted-average remaining lease term (years)	1.00
Weighted-average discount rate	4.463%

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

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

2025	\$ 294,385
Total lease payments	294,385
Less: interest	(6,876)
Present value of lease liability	<u>\$ 287,509</u>

Early Learning Coalition of Southwest Florida, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

NOTE H - 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 \$123,262 to the plan for the year ended June 30, 2024. There were no discretionary profit sharing contributions. Employees are immediately vested in their contributions and the matching contributions.

NOTE I - 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 J - 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, 2024, the local matching requirements were met. The Coalition included \$257,086 of matching funds collected as both revenue and expense in the statement of activities and changes in net assets.

Early Learning Coalition of Southwest Florida, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

NOTE K - 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	\$ 6,584,264
Contracts and grants receivable	<u>538,255</u>
Total financial assets available to management for general expenditure within one year	<u>\$ 7,122,519</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 99% 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.

NOTE L - SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

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 are as follows:

Federal and State expenditures – schedule of expenditures of federal awards and state financial assistance	\$72,664,506
Coronavirus State and Local Fiscal Recovery Funds recognized within local match	(124,357)
Refunds and adjustments	<u>675,859</u>
Federal and State expenditures – statement of activities in net assets and changes	<u>\$73,216,008</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**

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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 Early Learning Coalition of Southwest Florida, Inc. (the "Coalition") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 26, 2025.

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
March 26, 2025



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* 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, 2024. 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, 2024.

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.

Partners

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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. 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.

Report on Internal Control Over Compliance (continued)

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
March 26, 2025

Early Learning Coalition of Southwest Florida, Inc.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

June 30, 2024

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 | \$1,499,846 |
| 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 Block Grant	93.575
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	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, 2024

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, 2024 | 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)

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

June 30, 2024

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

Findings and Questioned Costs – Major Federal Programs

Finding 2023-001: Internal Control over Compliance and Compliance with Cash Management

Federal Programs: ALN 93.575/93.596, and 93.558

Criteria: In accordance with the grant agreement and 2 CFR 200.305(8) and (9), the non-Federal entity must maintain advance payments of Federal awards in interest-bearing accounts. Interest earned amounts up to \$500 per year may be retained by the non-Federal entity for administrative expense. Any additional interest earned on Federal advance payments deposited in interest-bearing accounts must be remitted annually to the Department of Health and Human Services.

Condition: The Coalition has a cash management policy in accordance with federal regulations, however, the policy was not followed. Federal funds were deposited into non-interest-bearing accounts.

Cause: Lack of effective controls surrounding cash management and review of controls to ensure compliance with federal regulations.

Effect: The Coalition has not accrued interest on DEL grant funds in accordance with federal regulations.

Recommendation: We recommend the Coalition transfer all DEL grant funds to its interest-bearing account and return accrued interest to DEL.

Resolution: Resolved. The Coalition has begun using an interest bearing bank account for DEL grant funds.

Findings and Questioned Costs – Major State Projects

Finding 2023-002: Internal Control over Compliance and Compliance with Cash Management

State Projects: CSFA 48.108

Criteria: In accordance with the grant agreement and section 216.181(16)(b), *Florida Statutes* and the DEL grant agreement, advancements are to be temporarily invested, provided that any interest income shall either be returned to the agency or be applied against the agency's obligation to pay the contract amount.

Condition: The Coalition has a cash management policy in accordance with state statutes, however, the policy was not followed. State funds were deposited into non-interest-bearing accounts.

Early Learning Coalition of Southwest Florida, Inc.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
June 30, 2024

Section V – Status of Prior Year Audit Findings (continued)

Cause: Lack of effective controls surrounding cash management and review of controls to ensure compliance with state statutes. State funds were deposited into non-interest-bearing accounts.

Effect: The Coalition has not accrued interest on DEL grant funds in accordance with state statutes.

Recommendation: We recommend the Coalition transfer all DEL grant funds to its interest-bearing account and return accrued interest to DEL.

Resolution: Resolved. The Coalition has begun using an interest bearing bank account for DEL grant funds.

Early Learning Coalition of Southwest Florida, Inc.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

Year Ended June 30, 2024

Grantor/Program Title	ALN CSFA #	Award Number	Expenditures	Transfers to Subrecipient
Federal Awards:				
U.S. Department of Health and Human Services				
<i>Passed through Division of Early Learning</i>				
Child Care and Development Block Grant	93.575	EL154	\$ 13,121,589	\$ 16,000
Child Care and Development Block Grant	93.575	EL155	443	-
Total Child Care and Development Block Grant			13,122,032	16,000
Coronavirus Response and Relief Supplemental Appropriations Funds	93.575	EL154	146,312	-
American Rescue Plan	93.575	EL154	24,233,189	-
American Rescue Plan	93.575	EL155	118,462	-
Total American Rescue Plan Act			24,351,651	-
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	EL154	6,022,912	-
Total Child Care and Development Fund Cluster			43,642,907	16,000
Temporary Assistance for Needy Families	93.558	EL154	6,211,078	-
Social Services Block Grant	93.667	EL154	16,547	-
Total U.S Department of Health and Human Services			49,870,532	16,000
U.S. Department of Treasury				
<i>Passed through Lee County Board of County Commissioners Human and Veteran Services</i>				
Coronavirus State and Local Fiscal Recovery Funds	21.027	EL154	124,357	-
Total U.S. Department of Treasury			124,357	-
Total Expenditures of Federal Awards			<u>\$ 49,994,889</u>	<u>\$ 16,000</u>
State Financial Assistance:				
State of Florida Department of Education				
<i>Passed through Division of Early Learning</i>				
Voluntary Pre-Kindergarten Education Program	48.108	EL154	\$ 22,658,035	\$ 1,974,492
State General Revenue Unrestricted 2023-2024	-	2023-24 SGU	11,582	-
Total Expenditures of State Financial Assistance			<u>\$ 22,669,617</u>	<u>\$ 1,974,492</u>
Total Expenditures of Federal Awards and State Financial Assistance			<u>\$ 72,664,506</u>	<u>\$ 1,990,492</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, 2024

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, 2024. The indirect cost rates used on the Coalition's federal programs and state projects are determined by the relevant federal or state agency.