EARLY LEARNING COALITION OF INDIAN RIVER, MARTIN AND OKEECHOBEE COUNTIES, INC.

Financial Statements and Supplemental Information

Years Ended June 30, 2024, and 2023

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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

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To the Board of Directors of
Early Learning Coalition of Indian River, Martin
and Okeechobee Counties, Inc.
Stuart, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Early Learning Coalition of Indian River, Martin and Okeechobee Counties, Inc. (a nonprofit organization) (the "Coalition"), which comprise the statements of financial position as of June 30, 2024, and 2023, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Coalition as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, State of Florida Chapter 10.650, *Rules of the Auditor General*, and special audit guidance provided by the Division of Early Learning, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and state financial assistance is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2025, on our consideration of the Coalition's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Coalition's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Coalition's internal control over financial reporting and compliance.

Moss, Krusick & Associates, LLC

Winter Park, Florida
March 27, 2025

Early Learning Coalition of Indian River, Martin and Okeechobee Counties, Inc.

STATEMENTS OF FINANCIAL POSITION

June 30, 2024 and 2023

ASSETS

	2024	2023
Current assets		
Cash and cash equivalents	$ 2,096,280	$ 1,939,045
Grants receivable	304,914	349,661
Due from providers	-	16,283
Total current assets	2,401,194	2,304,989
Property and equipment	127,381	159,765
Less accumulated depreciation	(84,841)	(106,561)
Property and equipment, net	42,540	53,204
Intangible assets	291,000	-
Operating lease right-of-use-asset	306,193	408,996
Total assets	$ 3,040,927	$ 2,767,189

LIABILITIES AND NET ASSETS

Current liabilities		
Accounts payable and accrued liabilities	$ 1,876,109	$ 1,840,827
Current portion of operating lease liability	107,304	91,349
Total current liabilities	1,983,413	1,932,176
Non-current operating lease liability	208,844	324,034
Total liabilities	2,192,257	2,256,210
Net assets		
Without donor restrictions	848,670	510,979
Total liabilities and net assets	$ 3,040,927	$ 2,767,189

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

Early Learning Coalition of Indian River, Martin and Okeechobee Counties, Inc.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

Years Ended June 30, 2024 and 2023

	2024	2023
PUBLIC SUPPORT AND REVENUE		
Federal grants	$ 16,734,786	$ 26,074,250
State - Division of Early Learning	6,390,420	7,330,043
Local match	669,574	603,703
Contributions	60,253	55,322
Contribution of non-financial assets	2,200	7,000
Total public support and revenue	23,857,233	34,070,318
EXPENSES		
Program services		
School readiness	16,169,590	25,949,862
Voluntary pre-kindergarten	6,209,456	7,201,007
General and other grants	419,695	238,406
Total program services	22,798,741	33,389,275
Supporting services	720,801	670,137
Total expenses	23,519,542	34,059,412
Changes in net assets	337,691	10,906
NET ASSETS, BEGINNING OF YEAR	510,979	500,073
NET ASSETS, END OF YEAR	$ 848,670	$ 510,979

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

Early Learning Coalition of Indian River, Martin and Okeechobee Counties, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2024

	Program					
	School Readiness	Voluntary Pre-Kindergarten	General & Other Grants	Total	Supporting Services	Total Expenses
Salaries	$ 950,356	$ -	$ 278,670	$ 1,229,026	$ 463,478	$ 1,692,504
Employee benefits	152,344	-	31,312	183,656	43,078	226,734
Payroll taxes	73,171	-	21,095	94,266	35,265	129,531
	1,175,871	-	331,077	1,506,948	541,821	2,048,769
Provider payments	12,760,666	6,209,456	-	18,970,122	-	18,970,122
Supplies	1,827,821	-	51,882	1,879,703	11,495	1,891,198
Conferences and meetings	192,055	-	1,155	193,210	8,125	201,335
Fees for services	66,363	-	5,670	72,033	88,473	160,506
Occupancy	90,594	-	-	90,594	36,562	127,156
Travel	19,530	-	12,506	32,036	2,240	34,276
Information technology	7,988	-	-	7,988	14,386	22,374
Advertising	20,555	-	-	20,555	-	20,555
Insurance	7,379	-	-	7,379	7,937	15,316
Depreciation	-	-	13,542	13,542	-	13,542
Miscellaneous	768	-	3,454	4,222	3,194	7,416
Dues and subscriptions	-	-	-	-	6,568	6,568
Loss on disposal	-	-	409	409	-	409
Total expenses	$ 16,169,590	$ 6,209,456	$ 419,695	$ 22,798,741	$ 720,801	$ 23,519,542

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

Early Learning Coalition of Indian River, Martin and Okeechobee Counties, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2023

	Program					
	School Readiness	Voluntary Pre-Kindergarten	General & Other Grants	Total	Supporting Services	Total Expenses
Salaries	$ 961,623	$ -	$ 163,176	$ 1,124,799	$ 362,896	$ 1,487,695
Employee benefits	162,071	-	-	162,071	51,892	213,963
Payroll taxes	72,427	-	10,597	83,024	29,342	112,366
	1,196,121	-	173,773	1,369,894	444,130	1,814,024
Provider payments	23,375,298	7,201,007	-	30,576,305	-	30,576,305
Supplies	1,161,404	-	41,635	1,203,039	67,594	1,270,633
Occupancy	79,325	-	-	79,325	44,903	124,228
Fees for services	33,317	-	6,610	39,927	77,298	117,225
Conferences and meetings	78,319	-	125	78,444	619	79,063
Information technology	6,841	-	-	6,841	9,398	16,239
Travel	11,500	-	131	11,631	4,100	15,731
Insurance	5,730	-	-	5,730	7,598	13,328
Miscellaneous	1,807	-	3,067	4,874	8,284	13,158
Depreciation	-	-	13,065	13,065	-	13,065
Dues and subscriptions	200	-	-	200	6,213	6,413
Total expenses	$ 25,949,862	$ 7,201,007	$ 238,406	$ 33,389,275	$ 670,137	$ 34,059,412

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

Early Learning Coalition of Indian River, Martin and Okeechobee Counties, Inc.

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2024 and 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	$ 337,691	$ 10,906
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation	13,542	13,065
Loss on disposal of asset	409	-
Non-cash rent	3,568	6,387
Decrease (increase) in assets		
Grants receivable	44,747	(212,785)
Due from providers	16,283	(16,283)
Increase in liabilities		
Accounts payable and accrued liabilities	35,283	698,697
Net cash provided by operating activities	451,523	499,987
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(3,288)	(4,644)
Purchase of intangible assets	(291,000)	-
Net cash used in operating activities	(294,288)	(4,644)
Net increase in cash and cash equivalents	157,235	495,343
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,939,045	1,443,702
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 2,096,280	$ 1,939,045
SIGNIFICANT NON-CASH TRANSACTIONS - OPERATING LEASE		
Operating lease right-of-use asset	$ -	$ (506,732)
Operating lease liability	-	506,732
Total significant non-cash transactions - operating lease	$ -	$ -

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

NOTE A – NATURE OF ORGANIZATION

The Early Learning Coalition of Indian River, Martin and Okeechobee Counties, Inc. (the "Coalition") is a Florida nonprofit corporation. The Coalition was originally incorporated on May 18, 2000, as the School Readiness Coalition of Martin County, Inc. in accordance with Florida State Statute 411.01, which established the Florida Partnership for School Readiness (the "Partnership"). On April 1, 2005, the School Readiness Coalition of Martin County merged with Indian River School Readiness Coalition, Inc. and the Okeechobee County School Readiness Coalition, Inc. The corporate entities known as the Indian River County School Readiness Coalition, Inc. and the Okeechobee County School Readiness Coalition, Inc. were dissolved as a part of this merger. In addition, the Coalition administers the Voluntary Pre-Kindergarten ("VPK") program in accordance with the Voluntary Pre-Kindergarten Education Program Act, Chapter 1002, part V, Florida Statues.

The Coalition administers subsidized childcare assistance and programs that give children a competitive start in life. The Coalition is responsible for the planning and implementation of school readiness and voluntary pre-kindergarten services in the three-county area of Indian River, Martin, and Okeechobee Counties. The Coalition is also responsible for making decisions and providing support to meet the early education and childcare needs of the children in the communities served.

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 (the "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 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, 2024, and 2023, there were no net assets with donor restrictions.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2. Cash and cash equivalents

The Coalition presents its cash flows using the indirect method. Cash and cash equivalents may consist of cash on hand, demand deposits, and all highly liquid debt instruments with original maturities of three months or less.

3. Grants receivable and allowance for doubtful accounts

The receivable from Florida's Division of Early Learning consists of grants due from federal and state governmental agencies and are recorded when services are provided. The grants receivable as of June 30, 2024, and 2023 are due in less than one year. The Coalition determines an allowance for uncollectible receivables by specifically identifying balances which are doubtful as to collectability (typically amounts over ninety days old). As of June 30, 2024, and 2023, management believes the amounts are fully collectible based on historical data, current conditions, and forward-looking information, and has not recognized an allowance for doubtful accounts.

4. Promises to give

The Coalition recognizes contributions at their estimated fair values when the donor makes a promise to give that is, in substance, unconditional.

Unconditional promises to give cash over a period of time exceeding one year are recorded at their present value of estimated future cash flows using a discount rate appropriate for the level of risk involved. Any related interest income is recorded as contribution revenue over the duration of the pledge.

Contributions that are restricted by the donor are presented as increases in net assets without donor restrictions if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

5. Property and equipment

The Coalition capitalizes all long-lived assets with an estimated useful life of three years or more and original cost/value of $1,000 or more. Property and equipment are stated at cost for purchased assets and estimated fair value for donated assets and depreciated using the straight-line method over the following useful lives:

	Life
Computer equipment	5 Years
Furniture and fixtures	5-7 Years
Equipment	5-15 Years
Software	5 Years

Contributions of property and equipment are recorded as revenue at their estimated fair value. Such contributions are reported as revenue without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as revenue with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Coalition reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Coalition reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

6. 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.

7. 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 the reported amounts of assets, liabilities, and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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 No. 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASC 958), 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 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, 2024, and 2023. These amounts are reflected as revenue without donor restrictions if received and expended in the same year.

   Revenue from program fees is 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 School Readiness and Voluntary Pre-Kindergarten grants, the Coalition receives advances on revenue which are to be repaid to the state. As of June 30, 2024, and 2023, the Coalition held no advances outstanding.

9. Contributed services

   The Coalition follows ASU No. 2020-07, Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Non-financial Assets, which requires the monitoring and tracking of gifts in kind by asset category, while also noting any donor-imposed restrictions.

   Contributions of services are recognized as revenue at their estimated values at the date of receipt if the services create or enhance nonfinancial assets or require a specialized skill. During the fiscal years ended June 30, 2024 and 2023, contributions of non-financial assets totaled $2,200 and $7,000, respectively, which consisted of professional services.

10. Expense allocation

    The costs of the various programs have been summarized on a functional basis in the Statements of Activities and Changes in Net Assets and Statements of Functional Expenses. Accordingly, costs have been allocated among the Program and Supporting Services, based upon the amount of time spent on activities by employees.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

11. Income taxes

    The Coalition is exempt from federal 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.

12. Advertising costs

    All advertising costs are considered non-direct response advertising costs and are expensed as incurred.

13. Leases

    The Coalition is a party as lessee for a non-cancellable long-term office lease. The corresponding lease obligation is recorded in an amount equal to the present value of the expected future minimum lease payments paid, discounted by an applicable interest rate. The Coalition has elected to apply the short term lease exception to all leases with a term of one year or less. As of June 30, 2024, the Coalition does not have any short-term leases.

14. Accrued compensated absences

    Paid time off is accrued based on completed years of employment with the Coalition. Paid time off may be carried over up to a maximum of 120 hours to the next year. Upon resignation, death or retirement, employees are paid in one lump sum for accrued paid time off as of the last day of employment.

15. Recent accounting pronouncements

    In February 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-02, *Leases*, that requires lessees to put most leases on their balance sheets and recognize expenses on their income statements in a manner similar to today's capital lease accounting. The guidance also eliminates today's real estate specific provisions for all entities. For lessors, the guidance modifies the classification criteria for accounting for sales-type and direct financing leases. The new guidance is effective for fiscal years beginning after December 15, 2021. The Coalition adopted the lease standard effective July 1, 2022 using the optional transition method, which applies the provisions of the standard at the effective date without adjusting the prior period.

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

16. Subsequent events

    Management has performed an analysis of the activities and transactions subsequent to June 30, 2024, to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended June 30, 2024. Management has performed their analysis through March 27, 2025, the date the financial statements were available for issuance.

NOTE C – CONCENTRATIONS OF RISK

The Coalition maintains cash deposits at a financial institution located in Martin County, Florida. Deposits located at the financial institution are insured by the Federal Deposit Insurance Corporation (FDIC) and during the year balances may fluctuate above and below this amount. On June 30, 2024, and 2023, the Coalition held $2,271,694 and $612,926, respectively, in excess of FDIC 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 received approximately $23,125,000 and $33,404,000 of funding from two sources that individually comprised ten percent or more of total revenue and support for the years ended June 30, 2024, and 2023, respectively. As of June 30, 2024, and 2023, the Coalition had a net receivable/(payable) balance of approximately ($141,000) and $40,000, respectively, from these sources.

NOTE D – PROPERTY AND EQUIPMENT

Property and equipment at June 30 are summarized as follows:

	2024	2023
Computer equipment	$ 47,000	$ 66,393
Furniture and fixtures	37,875	37,875
Equipment	42,506	44,261
Software	-	11,236
	127,381	159,765
Less: accumulated depreciation	(84,841)	(106,561)
	$ 42,540	$ 53,204

Depreciation expense for the years ended June 30, 2024, and 2023 was $13,542 and $13,065, respectively.

The Coalition has purchased equipment through grant contracts. According to the guidelines established, all equipment with a purchased price in excess of $1,000 purchased with these funds belongs to the State of Florida. The Coalition is considered the custodian of such property. The Coalition's total equipment purchases for current and prior fiscal years, in aggregate, total approximately $130,000 and $160,000 as of June 30, 2024, and 2023, respectively. Disposition of this equipment must be approved by the grant source. Since the Coalition expects to fully depreciate these assets over the estimated useful lives (which would result in no value being from the Coalition to the State), these assets have been recorded as part of net assets without donor restrictions.

NOTE E – INTANGIBLE ASSETS

Intangible assets consisted of software subscriptions totaling $291,000 at June 30, 2024. Estimated annual amortization expense over the remaining terms of the intangible assets are as follows:

Year ending June 30:	
2025	$ 97,000
2026	97,000
2027	97,000
	$ 291,000

NOTE E – INTANGIBLE ASSETS (continued)

During the year ended June 30, 2024, with approval from DEL, the Coalition purchased software subscriptions. 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 – LEASE ASSET AND LEASE LIABILITY

As of June 30, 2024, the right-of-use (ROU) asset had a balance of $306,193, as shown in the statement of financial position; the lease liability is included in current liabilities ($107,304) and long-term liabilities ($208,844).

The lease asset and liability were calculated utilizing the risk-free discount rate (4.46%), according to the Coalition's elected policy.

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

Lease Costs (included in occupancy expense)		
Operating lease cost	$	119,343
Total lease cost	$	119,343
Other information:		
Cash paid for amounts included in measuring operating lease liability:		
Operating cash flows from operating lease	$	115,775
Total cash paid for amounts included in measuring operating lease liability	$	115,775
Maturities of operating lease liabilities as of June 30, 2024		
Year ending June 30:		
2025	$	119,252
2026		122,826
2027		95,108
Total lease payments		337,186
Less: interest		(21,038)
Present value of lease liability	$	316,148

NOTE G – RETIREMENT PLAN

The Coalition sponsors a 403b defined contribution plan that covers substantially all full-time employees. Employees who have worked at least one year and who are at least eighteen years of age are eligible for employer contributions. The employer contributes a mandatory 5% per year of each covered employee's salary per year.

The Coalition also sponsors a 457 deferred compensation plan that covers substantially all full-time employees. Employees who have worked at least one year, considered full time and who are at least eighteen years of age are eligible to participate. The Coalition offers 100% match of employee contributions up to 2% of employee's salary. The total employer contributions for the two plans listed above were approximately $59,000 and $50,000 for the years ended June 30, 2024, and 2023, respectively.

NOTE H – RELATED PARY TRANSACTIONS

During the years ending June 30, 2024, and 2023, the Coalition contracted with organizations that had individuals associated with those entities who also served on the Board of Directors of the Coalition. During the fiscal years ended June 30, 2024, and 2023, the Coalition collectively paid approximately $2,133,000 and $3,064,000 to these contracted centers, respectively. As of June 30, 2024, and 2023, the Coalition owed the contracting centers approximately $82,000 and $81,000, respectively.

NOTE I – CALCULATION OF MAXIMUM ADMINISTRATIVE EXPENSES

The following table compares administrative expenses incurred to expenses subject to the maximum administrative expenses allowed by Division of Early Learning ("DEL") for the School Readiness and Voluntary Pre-Kindergarten programs for the years ended June 30, 2024 and 2023:

2024:	School Readiness	Voluntary Pre-Kindergarten	Total
Total administrative expenses subject to 5% and 4% and maximum	$ 331,049	$ 139,577	$ 470,626
Maximum 5% and 4 administrative expenses allowable	501,980	247,277	749,257
Administrative expenses (under) over maximum	$ (170,931)	$ (107,700)	$ (278,631)

2023:	School Readiness	Voluntary Pre-Kindergarten	Total
Total administrative expenses subject to 5% and 4% and maximum	$ 346,962	$ 156,940	$ 503,902
Maximum 5% and 4 administrative expenses allowable	496,343	247,310	743,653
Administrative expenses (under) over maximum	$ (149,381)	$ (90,370)	$ (239,751)

NOTE J – 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 occupancy and depreciation, which are allocated on a square footage basis, as well as salaries, employee benefits, payroll taxes, and advertising, which are allocated on the basis of estimates of time and effort.

NOTE K – 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:

	2024	2023
Cash and cash equivalents	$ 2,096,280	$ 1,939,045
Grants receivable	304,914	349,661
Due from provider	-	16,283
Total financial assets available to management for general expenditure within one year	$ 2,401,194	$ 2,304,989

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 come due. The Coalition received approximately 97% and 98% of its funds from federal and state grants passed through DEL for the years ended June 30, 2024 and 2023, respectively, which are on a reimbursable basis. Throughout the year, the Coalition receives advances and reimbursements each month to cover incurred expenses.

SUPPLEMENTAL INFORMATION

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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*

To the Board of Directors of
Early Learning Coalition of Indian River, Martin
and Okeechobee Counties, Inc.
Stuart, 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 Indian River, Martin and Okeechobee Counties, Inc. (a nonprofit organization) (the "Coalition"), 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 27, 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.

Report on Compliance and Other Matters (continued)

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 27, 2025

MKA
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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 Indian River, Martin
and Okeechobee Counties, Inc.
Stuart, Florida

Report on Compliance for Each Major Federal Program and State Project

Opinion on Each Major Federal Program and State Project

We have audited Early Learning Coalition of Indian River, Martin and Okeechobee Counties, Inc.'s (the "Coalition") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the requirements described in the *Department of Financial Services'* State Projects Compliance Supplement, and special audit guidance provided by the Division of Early Learning that could have a direct and material effect on each of the Coalition's major federal programs and state projects for the year ended June 30, 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); State of Florida Chapter 10.650, *Rules of the Auditor General* (Chapter 10.650), and special audit guidance provided by the Division of Early Learning. Our responsibilities under those standards and the Uniform Guidance and Chapter 10.650 are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Coalition and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program and state project. Our audit does not provide a legal determination of the Coalition's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Coalition's federal programs and state projects.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Coalition's compliance based on our audit. 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, 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, 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 and Chapter 10.650, 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 and state project on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program and state project will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program and state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed. The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and Chapter 10.650. Accordingly, this report is not suitable for any other purpose.

Moss, Krusick & Associates, LLC

Winter Park, Florida
March 27, 2025

Early Learning Coalition of Indian River, Martin and Okeechobee Counties, 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 Uniform Guidance?	No
4. Dollar threshold used to distinguish between Type A and Type B programs	$750,000
5. Auditee qualified as low-risk auditee?	Yes

Identification of major programs:

Name of Federal Programs	ALN
Temporary Assistance for Needy Families	93.558
Child Care and Development Block Grant	93.575
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596

Early Learning Coalition of Indian River, Martin and Okeechobee Counties, 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, Rules of the Auditor General	No
Dollar threshold used to distinguish between Type A and Type B projects	$750,000

Identification of major projects:

Name of State Project	CSFA Number
Voluntary Pre-Kindergarten Education Program	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).

Section IV – Federal Award and State Projects Findings and Questioned Costs

None (there are no items related to Federal Awards and State financial assistance required to be reported in the management letter, therefore no management letter issued).

Section V – Status of Prior Year Audit Findings

There were no prior year audit findings.

Early Learning Coalition of Indian River, Martin and Okeechobee Counties, Inc.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

Year Ended June 30, 2024

Grantor/Program Title	ALN CSFA	Award Number	Expenditures
Federal Awards:			
U.S. Department of Health and Human Services			
Passed through Division of Early Learning			
Temporary Assistance for Needy Families	93.558	EL334	$ 2,569,718
Child Care and Development Fund Cluster			
Child Care and Development Block Grant	93.575	EL334	3,641,369
Child Care and Development Block Grant	93.575	EL335	29,251
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	EL334	2,555,281
Coronavirus Response and Relief Supplemental Appropriations Funds	93.575	EL334	56,931
American Rescue Plan Act	93.575	EL334	7,852,105
American Rescue Plan Act	93.575	EL335	63,850
Total Child Care and Development Fund Cluster			14,198,787
Social Services Block Grant	93.667	EL334	5,605
Total Expenditures of Federal Awards			16,774,110
State Financial Assistance:			
State of Florida Department of Education			
Passed through Division of Early Learning			
Voluntary Pre-Kindergarten Education	48.108	EL334	6,333,205
Voluntary Pre-Kindergarten Education - GR	SGU	EL334	3,304
Total Expenditures of State Financial Assistance			6,336,509
Total Expenditures of Federal Awards and State Financial Assistance			$ 23,110,619

Note A: 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), the Florida Department of Financial Services' State Projects Compliance Supplement, and State of Florida Chapter 10.650, *Rules of the Auditor General.* Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note B: Indirect Cost Rates

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.

See independent auditor's report.